


Nation's Business

A close-up portrait of Bert Lance, a man with dark hair, wearing a dark suit, white shirt, and a patterned tie. He is looking slightly to the left with a serious expression.

Streamlining Government
OMB DIRECTOR

BERT LANCE

Seeks Business Help

A photograph of the U.S. Capitol building in Washington, D.C., showing the iconic dome and the neoclassical architecture with columns.

IN CONGRESS

NOW: Automatic
Escalator
for the Minimum
Wage?

A photograph of Billy Carter, wearing glasses and a dark shirt, looking upwards. He is surrounded by large, light-colored sacks, possibly of grain or cotton, which are piled up around him.

BILLY CARTER:

Frustrations of the Small Businessman

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A LOOK AHEAD FROM WASHINGTON

National Chamber Launches Public Interest Law Firm

Business intends to get the private enterprise viewpoint expressed more vigorously to the courts and regulatory agencies through a new public interest law firm, the National Chamber Litigation Center, Inc.

The law firm, a nonprofit organization funded initially with \$100,000 seed money from the Chamber of Commerce of the United States, will seek membership from individuals, corporations, and other organizations.

During the past decade the National Chamber has brought some 80 lawsuits on behalf of the business sector. Such litigation is expected to increase significantly with the creation of the center, National Chamber President Richard L. Leshner says.

Dr. Leshner, who is president of the new law firm, says it will focus on issues affecting large segments of the business community, rather than be a special advocate on narrow causes. It will also conduct legal research on matters of interest to business.

Robert T. Thompson, a prominent labor lawyer, is chairman of the firm. He says it will become involved in litigation on labor, environmental, antitrust, administrative, and constitutional law issues.

The center has already filed its first lawsuit. The suit, filed in federal district court in Chicago, is on behalf of the Bread Political Action Committee, the National Lumber and Building Material Dealers Association, the Lumber Dealers Political Action Committee, the National Restaurant Association, and the Restaurateurs Political Action Committee.

Defendant in the suit is the Federal Election Commission. The suit challenges the legality of that part of the Federal Election Campaign Act restricting political activities of trade associations. The law says that before a trade association may solicit shareholders, executives, and administrative personnel of a member corporation for contributions to an association political action committee, the association must obtain the corporation's written permission. The law also says that a corporation may grant such permission to only one trade association in any calendar year, regardless of the number of associations to which the corporation belongs.

Attorneys for the Litigation Center say these and other restrictions severely limit a trade association's ability to communicate and seek support for posi-

tions. They say the act unconstitutionally discriminates against trade associations.

Labor union political action committees may solicit union membership with unlimited frequency and without obtaining prior consent. So may political action committees of membership organizations, such as bar associations. The Litigation Center believes trade associations should have equal rights.

Increase in Aid Program for Small Firms Asked

Help will be on the way for more small firms if Congress gives the Small Business Administration money to expand its Small Business Development Center program, which now is under way at eight college campuses.

These centers, staffed by faculty and business students, provide managerial, technical, planning, and marketing assistance to small businesses on request.

Sen. Gaylord Nelson (D.-Wis.), chairman of the Senate Small Business Committee, has introduced a bill authorizing SBA to support the existing centers and establish others. His bill proposes a \$20 million budget for the program in the coming fiscal year. This year SBA was able to allocate only \$300,000 to pay the salaries of center directors and their secretaries.

Under the proposed legislation, SBA will get \$15 million for administration and support of the centers. The maximum contribution by SBA will be 75 percent, with the college providing the remainder. An additional \$5 million is to be used to fund specific studies of problems that affect small businesses on a large scale.

New Government Unit Hopes to Help Ease Energy Woes

The emphasis on conservation in the Carter energy program has given added impetus to the operations of the new Energy Extension Service.

This agency is to give aid on energy problems to homeowners, small businesses, public institutions, and state and local governments, much as the Agricultural Extension Service helps farmers solve their problems.

The Energy Extension Service is part of ERDA, the Energy Research and Development Administration. ERDA intends to fund a two-year pilot program in ten states which would run the program in cooperation with the Energy Extension Service.

A New Federal Agency to Police Pension Law?

Despite the President's aim to reduce the number of federal agencies, congressmen continue to call for new ones. Among the latest proposed is an agency to consolidate all functions created by the Employee Retirement Income Security Act of 1974, commonly known as ERISA.

Responsibility for enforcing the pension law is now shared by the Labor Department, the Internal Revenue Service, and the Pension Benefit Guaranty Corp., creating a potential for interagency conflicts. In some cases, the President himself might have to break an impasse.

Rep. John H. Dent (D.-Pa.) has introduced a bill designed to solve the problem of division of authority over ERISA. His solution: Create an Employee Benefit Administration, which would have a three-member board of directors, two of whom would be the Secretaries of Labor and Treasury. The third would be appointed by the President, who would also designate one of the three to be chairman.

Congress Rescues SBA

Through emergency legislation, Congress has lifted the ceilings on the Small Business Administration's loan limitations and surety bond authorizations.

SBA had expected to reach the ceilings for its lending and loan guarantee operations by March 31, six months before the end of the current fiscal year. Congress gave these operations a new lease on life by increasing SBA's loan and investment fund from \$6 billion to \$7.4 billion.

Congress also increased the limit on outstanding financial assistance loans to small business investment companies from \$725 million to \$887.5 million, raised the limit on outstanding economic opportunity loans from \$450 million to \$525 million, and lifted the limits on guarantees for performance bonds on small contractors from \$56 million to \$110 million.

Proposed Board Would Help Federal Employees Organize

You soon may hear a lot about a Federal Labor Relations Authority, which, if created, would do for federal employees what the National Labor Relations Board does for workers in the private sector.

The authority would investigate and settle labor disputes in the federal government, safeguard the right of employees to join or refuse membership in a union, and prevent unfair labor practices.

Creation of the authority is one provision in a bill entitled the Federal Service Labor-Management Act of 1977, introduced by Sen. Daniel K. Inouye (D.-Hawaii), to give collective bargaining rights to federal workers.

Bill Would Spur Employers to Fight Back Against OSHA

The Occupational Safety and Health Administration may have to think twice before levying penalties against businesses.

Sen. Strom Thurmond (R.-S. C.) and eight other senators have a bill that would force the federal government to pay reasonable attorney fees and litigation costs to an employer who successfully contests an OSHA action.

The measure has gained support as a result of a Supreme Court ruling upholding the federal government's power to levy fines for OSHA violations without a jury trial.

Although a cited employer can contest such a fine in court, it usually is far cheaper to pay the fine than go to court. Sen. Thurmond's bill presumably would encourage businessmen to contest unjust actions.

Congress Urged to Raise Ceiling on Industrial Bonds

In recognition of the impact of inflation on construction costs in recent years, Congress is being asked to raise the \$5 million ceiling on tax-exempt industrial development bonds.

Sen. Dewey F. Bartlett (R.-Okla.) has introduced a bill to increase the ceiling to \$10 million. He points out that the present limit was set in 1968. His bill would also kill the Internal Revenue Service's capital expenditure rule on these bonds.

Now, if a user of facilities financed by such government bonds spends more than \$5 million on plant or equipment during a six-year period that begins three years before issuance of the bonds, the interest on the bonds becomes taxable. The result, Sen. Bartlett says, is to discourage industrial expansion.

Giving the White House New Item-Veto Power

Authority to veto individual items in an appropriations bill is a power that Presidents lack but would often find useful. Now a constitutional amendment has been proposed by Sen. Robert J. Dole (R.-Kans.) to give the man in the Oval Office that option.

As things stand, the President has to accept all items in a bill, including pork barrel projects, or kill them all by vetoing the bill. Under Sen. Dole's proposal, the President could veto individual items in an appropriations bill and sign the rest of the bill into law. Congress, of course, would be able to override the President's item-vetoes.

While the item-veto power would be new to the U. S. Constitution, it is no stranger to state constitutions. President Carter's home state of Georgia and 42 other states have given their governors item-veto authority. □

What It Takes to Be a Chief Executive

Many companies are failing their most vital test, grooming a successor for the chief executive, according to the head of a major executive search firm.

Carl Menk, president of Boyden Associates, Inc., New York, says that "managing a company is an art. Not enough executives are learning the requisite skills. As a result, more and more firms are going outside when they need a new chief executive officer."

Here are the skills recruiters are asked to look for when in search of a chief executive officer:

- Technical know-how.
- Aptitude for long-range planning.

• Ability to carry on external relations with the many publics that are important to a company: employees, stockholders, the community, and the corporate and financial world, among others.

"A chief executive officer," Mr. Menk says, "should also have these character traits. Above all, he should have integrity and be people-oriented. Then, he must have a personality that instills confidence and respect. He must have natural leadership ability and talent for judging people and for placing subordinates in positions which maximize their strengths."

"We also look for intelligence, an open mind, the flexibility to learn from experience, the self-confidence

to take risks, the ability to handle stress, and a history of making difficult decisions and carrying them out."

Search firms are currently being asked to fill one out of every 20 chief executive openings, the Association of Executive Recruiting Consultants says.

Here is how a company can ensure that it has homegrown talent for the top job, Mr. Menk told NATION'S BUSINESS:

- Give younger managers the chance to gain general management experience and profit-and-loss responsibility at an earlier age.
- Groom more women executives, a relatively untapped source of senior management talent, for top-level responsibility.

• Make sure that the company, depending on its size, has no fewer than four to seven senior executives.

"That's your talent pool to draw on for a future CEO," Mr. Menk says. "Allowing the core of top management to dwindle below that figure is risky."

How to Communicate More Effectively

In business, the No. 1 internal problem is not product, know-how, or people. The problem is communications—meaning dialogue, Cathrina Bauby, author of "Understanding Each Other," says.

"Dialogue," she explains, "is an exchange of thoughts between two or more people on a one-to-one basis with understanding as its goal."

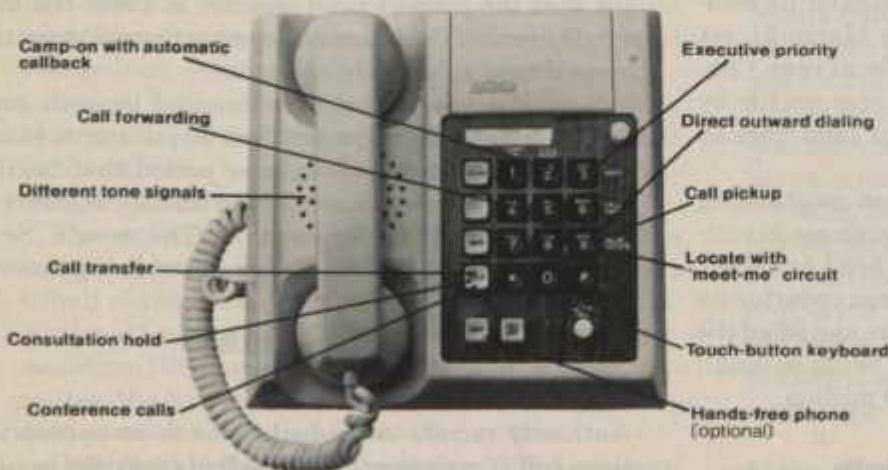
Realistically, Ms. Bauby says, most individuals appear unable to carry on an effective dialogue.

Here are basic rules she lays down for better communications:

1. Ask questions.

The authoritarian executive tells listeners what he wants them to hear. The wise executive involves people through asking questions, asking for help, asking for thinking.

"People resent being asked less



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than they resent being told," author Bauby says.

2. Listen.

Listening predisposes us to understanding, equips us with facts, involves us with underlying meanings, and gives us an insight into others' feelings.

"Through successful listening, we stabilize interpersonal communications," Ms. Bauby says.

3. Acknowledge what you hear.

Acknowledgement lets a person know you are listening.

"Say something," author Bauby urges, "even if it's in disagreement. If you don't acknowledge, the speaker doesn't know you're listening. The spirit of listening is acknowledging what has been said."

Her book (\$3.35, International Society for General Semantics, San Francisco, Calif. 94103) sums up its message like this:

Dialogue is a two-way street. To be effective, neither a speaker nor a listener be.

Be both.

Bringing Individuals Back into Capital Markets

Between 1970 and 1975 the stock-owning public dwindled from 31 million Americans to 25 million.

Many of those who stopped investing in corporate securities may have lost interest because they saw the value of earlier investments shrink.

Stock prices took one of their sharpest tumbles in history in 1973 and 1974. On New Year's Day, 1973, shares listed on The New York Stock Exchange had a total value of \$871 billion. On New Year's Eve, 1974, the value was \$511 billion.

Since 1974 stock prices have regained nearly all the ground they lost earlier. The Dow Jones Industrial Average reached an all-time high of 1051.70 in 1973. At the start of this year that popular index of stock values stood at 999.75.

Individuals now account for only 30 percent of trading on The New York Stock Exchange by dollar volume, although they account for a larger proportion—43 percent—of the number of shares that change hands. The public tends to concentrate more on lower-priced shares than institutions do.

The market's rebound may rekindle public interest in Wall Street.

Chairman William M. Batten of The New York Stock Exchange is one who thinks so.

"I believe there are a great many people out there with investable funds," he says, "who are ready to respond to reasonable incentives to put some of their savings into stocks...."

"Many of them simply want some assurance that the government won't penalize them with heavy taxes if they happen to make some money on their investments."

Survival Guides for Moving to a New City

Moving a family to a big, unfamiliar city can be a traumatic experience for the hardest executive.

One large mover, The Bekins Co., decided to do something to help ease the strain. The company compiled "survival guides" for 20 of America's biggest cities to help newcomers adapt to their new urban environment.

For example, the company's guide to Washington offers this information on housing:

- Allow yourself up to a month to find suitable living quarters in the District of Columbia.
- Houses rent for \$225 to \$500-plus a month, usually without utilities.
- In the eastern and northeastern parts of the city, home prices start at \$25,000. They start at \$75,000 in northwestern residential districts.
- Plushiest city areas are Georgetown, Wesley Heights, Spring Valley, Cleveland Park, Kalorama Heights, and Foggy Bottom.

Weather, schools, taxes, public transportation, and job opportunities are covered, too. So is what "folks do for fun in Washington." The metropolitan area has more than 40 golf and country clubs. Rock Creek Park has 1,800 acres of woodland and picnic grounds.

The survival guides have noticeably increased Bekins's business, a company spokesman says.

The company has received up to 200 calls a day requesting survival guides.

"We are almost out of our second printing," the spokesman says, "and about to order more."

First two press runs: 260,000. □

5 Questions about Canada



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- 2.** **Can you name its largest freight transportation system?**
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- 3.** **Which East Coast Canadian ports are hundreds of miles closer to northwestern Europe than New York or Baltimore?**
Halifax in Nova Scotia and Saint John, New Brunswick — both with tracks right to dockside.

- 4.** **Now how about Canada's West Coast port that's well situated for Japan?**
Vancouver — with the newest West Coast container operation, Vanterm.
- 5.** **What's the best way to ship to Alaska through Canada?**
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THE WORLD OF INDUSTRY

The Shape of Travel in 1990

Most Americans in 1990 will still slide behind the wheel of a car when they go to work, go shopping, or travel from city to city.

There will be nothing startlingly new 13 years from now about the way we move people, commodities, or finished products.

"The imprint of the present will still be dominant," the Department of Transportation says in a study entitled, "National Transportation Trends and Choices." The document, one of a series of departmental reports to Congress, was prepared under the direction of former Secretary of Transportation William T. Coleman, Jr.

The auto, the study points out, is not going the way of the horse and buggy in the near future. Neither are other forms of transportation that are familiar today.

Population growth

America in 1990 will have 30 million more people, the study says, but 45 million more autos and trucks.

Yet, banking on more efficient engines, the department estimates that demand for gasoline and other liquid fuels will be about the same as it is today.

Two considerations will strongly affect our transportation plans for the future, the study says: "Continuing changes in the settlement patterns of our population" and "availability of liquid fuels [petroleum]."

Today, the study says, "petroleum products account for more than 95 percent of the energy used to operate transportation, and transportation uses more than half of the nation's annual petroleum consumption."

Beyond 1990, the report says, "The availability of liquid fuels, either in the form of synthetic substitutes or in discovery of new resources, will define the costs and much of the character of future transportation services."

The direction of our modern transportation system came early in this century, when Henry Ford started

producing the Model T and General Motors came up with the innovative idea of selling cars on the installment plan. Since then the auto has shaped all of our lives as few other factors in history have.

Convenience is king

The Transportation Department study says the internal combustion-engine auto, or something like it that provides the same personal convenience, will be with us well beyond the start of the new century.

In 1975 a little more than 100 million autos and 25 million trucks were on the nation's streets and highways. Barring any drastic change in lifestyle, 135 million autos and 35 million trucks will be on the streets and highways by 1990, the study predicts. The term trucks includes an estimated 18 million mobile homes, vans, campers, and other recreational vehicles used for personal travel.

Today, the study says, four out of five families own one or more autos and one out of eight families owns one or more pickup trucks. On the average, every private auto travels 11,000 miles annually. About 50 percent of the travel is within 30 miles of the home, and this travel consumes a third of the fuel burned by autos.

More than 86 percent of intercity travel is via private auto. This proportion isn't likely to change, the study says, unless altered by another energy crisis. If all other modes of passenger travel were to double by 1990, the department study estimates, automobiles would still account for 80 percent of all intercity travel.

Truck-freight ratio

Trucks carried nearly one fifth of interstate freight ton-miles in 1975, the study reports. Freight hauled by trucks is expected to increase 66 percent by 1990, increasing from 441 million ton-miles to 667 million ton-miles.

continued on page 68B

**I moved to DeKalb because I thought
it would be good for selling Yardley.
Now I'm getting pretty good at selling DeKalb.**



William D. Hunt
President and Chief Executive Officer, Yardley of London, Inc.

"People are important in any business. And when you're moving your corporate headquarters to another part of the country, like I just did, they become one of your most important considerations.

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in Canada and twenty other countries around the world.

Pitfalls in Election Reform Proposals

ON MARCH 22, President Carter sent Congress a package of proposals he described as electoral reform. The proposals are reforms only in the flimsiest sense of that word. The President's major recommendation comes closer to revolution than to reform; his others would enlarge the federal bureaucracy, diminish the role of the states, and give a nice little boost to the Democratic Party. In my own conservative view, it amounts to a very bad package.

Mr. Carter's major recommendation calls for direct popular election of our Presidents hereafter. Curiously, this received no more than minor attention in his message to Congress. His general idea is to abolish the Electoral College altogether and to rewrite the Constitution so as to ensure "that the candidate chosen by the voters actually becomes President."

By way of justification, Mr. Carter said: "Under the Electoral College, it is always possible that the winner of the popular vote will not be elected. This has already happened in three elections, 1824, 1876, and 1888. In the last election, the result could have been changed by a small shift of votes in Ohio and Hawaii, despite a popular vote difference of 1.7 million."

THOSE FEW sentences, alas, are tainted by the kind of intellectual dishonesty we ought not to receive from a President who promised so firmly never to deceive us. As evidence in support of his proposed constitutional amendment, the popular vote in 1824 and 1876 has no meaning. Of the 24 states in the Union in 1824, 12 had statewide popular voting, six had voting by congressional districts, and six left the choice of presidential electors to the state legislatures. Four candidates were running, but in only six states did all four appear on the ballots. The figures for 1876 are as shaky. Supporters of both Hayes and Tilden were equally involved in massive fraud. The Harrison-Cleveland election of 1888 offers the only relevant instance in our political history of a popular-vote winner who wound up an electoral loser.

Even the election of 1888, in the historical view, cannot be counted an aberration. Harrison carried 20 states with 233 electoral votes to Cleveland's 18 with 168. The outcome accurately reflected one of the basic features of our constitutional system: Whenever we act politically, we act through our states. It is this fundamental precept of federalism that Mr. Carter would abandon. His amendment would fundamentally alter the delicate balance of power between large

states and small states, and it would drastically change the nature of our presidential campaigns.

It is saying too much, perhaps, to speak of Mr. Carter's recommendation as his amendment. The President did not propose a specific resolution of his own. Indeed, his aides appear uncertain and confused on a number of questions that would have to be considered. It seems a reasonable assumption that, if we are to go to a system of national popular elections, the elections must be national in every way. At the very least, there would have to be one uniform national ballot, containing identical lists of presidential and vice presidential candidates. Nothing else would make sense. But this would mean a statutory system of national qualification, and we have heard little or nothing about how such a system would work.

In truth, the mechanics of direct national elections seem not to have been thought out at all. Presumably, we would continue to tally votes state by state, as we do now, but this would be a matter of convenience, not of substance—for the states, as states, no longer would matter. In the event of a close election, how would a recount be made? Would a uniform ballot mean a proliferation of minor parties, as in France and Italy? Should a winner receive at least 40 percent, or 42, or 44, or 46 percent of the vote? These questions and many others would demand the most thorough examination. It is not enough to make fine egalitarian pronouncements about equal voting rights. Before we undertake radical surgery upon the body of our basic law, we ought to be abundantly certain of what we are doing. We ought to reflect upon the consequences—all the consequences—of so drastic a change.

IN ADDITION to the constitutional amendment, Mr. Carter asked for several new laws. One of these would effectively repeal an old law, the Hatch Act of 1939. The idea is to free 2.8 million federal employees from the restrictions now imposed upon their political activity. The President would continue to restrict "those employees in sensitive positions who must retain both the appearance and the substance of impartiality," and he would favor strong penalties "for any federal employee who attempts to influence or coerce another federal employee into political activity, or who engages in political activity while on the job."

The Hatch Act, named for the New Mexico senator who was its chief sponsor, was the outgrowth of massive abuses in the 1936 and 1938 campaigns. A Senate investigation found that many federal workers had

been bullied into partisan political activity by their superiors and that public welfare funds had been used for political purposes. The act flatly prohibited federal employees from taking "any active part in political management or in political campaigns."

The sound reasons behind the Hatch Act are as sound today as they were then. Two additional circumstances, in my view, make it all the more imperative that the restrictions be maintained. Since 1939 the role of the federal government has been enormously enlarged; and over the past decade public employee unions have signed up thousands of federal workers. At the time the Hatch Act was adopted, the federal government was only minimally involved with education, hospitals, medical care, housing, and employment practices. Today federal power reaches into every area of our daily lives. Mr. Carter's bill would open 10,000 doors to political abuse, to subtle pressures, to the appearance of partisan corruption. In practice, it would be impossible to prevent the powerful public employee unions from turning political screws. On the record, the unions support the Democratic Party. What we are talking about in this proposal is the mobilization of a veritable army of militant campaign workers, beating the drums for Jimmy and his friends.

ANOTHER legislative recommendation would extend the concept of public financing to elections for the House and Senate. Mr. Carter likes the way the system worked in the 1976 presidential campaign; he sees no reason why it shouldn't work as well in both primary and general election campaigns for Congress. Presumably he would ask the same kind of reporting and disclosure requirements that were in effect last year for presidential candidates.

What we are contemplating here, among other things, is a paperwork monstrosity to boggle the mind. The Federal Election Commission last year undertook to supervise the public-funds receipts and expenditures of perhaps 25 or 30 serious candidates for the presidency; reports and records also were maintained on perhaps 100 nonserious candidates. Scores of campaign committees had to file papers. In addition to its other duties, the commission churned out regulations, interpretations, and advisory opinions on the use of public funds in presidential campaigning.

How many employees would have to be hired, how many buildings erected, how many filing cabinets constructed, and how many forests cut down to cope with Mr. Carter's proposal? The 1978 elections will see Senate contests in a third of the states and will see House races in 435 districts. Instead of 25 or 30 candidates, the Federal Election Commission would be looking after 2,000. The President's proposal is an invitation to chaos.

It is an invitation to incumbents also. Virtually every incumbent seeking reelection, we may suppose, would opt for public financing of his primary and general election campaign. Challengers would be almost compelled to do likewise, lest they be accused of sell-

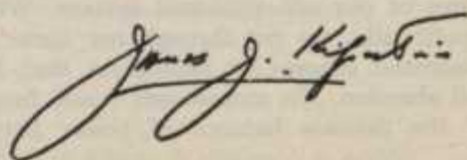
ing out to the special interests supporting them. The incumbent, already enjoying the immense advantages of congressional office, would find himself in fat city. When it is noted that two thirds of the sitting senators and representatives are Democrats, the political logic of Mr. Carter's proposal becomes evident.

THE PRESIDENT's final proposal is for a plan of instant registration on election day. Mr. Carter plainly is fetched by the scheme. He put it in first place in his message to Congress; he even drafted his own bill and sent the draft along. His complaint is that "millions of Americans are prevented or discouraged from voting in every election by antiquated and overly restrictive voter registration laws." He would remove such "unnecessary obstacles" and "unfair barriers" by imposing on the states a plan of universal voter registration. The heart of the plan lies in a requirement that state election officials provide a ballot for every person who shows up on election day with appropriate identification. The states would be rewarded by subsidies of up to 60 cents a voter, provided the states went along with such fringe endeavors as an "Operation Outreach" to register voters in advance of election day.

Even "The Washington Post" found this scheme "awful." It was the perfect adjective. The plan invites wholesale fraud. It would further bloat the bloated Federal Election Commission. The system would strike at state responsibilities. The selection of local polling officials inevitably would become subject to federal control.

Mr. Carter's premises cannot be demonstrated. Here and there, especially in thinly populated rural areas, registration may be inconvenient, but such "obstacles" are far more the exception than the rule. It is a curious cast of mind that views a 30-day registration requirement as arbitrary and unfair. A more fundamental objection goes to the President's notion that there is something intrinsically good in a high percentage of voting. No correlation ever has been proved between good government and voter turnout. One perceives about the same proportion of statesmen and renegades in the high-percentage states as in the low ones.

UNDER the Constitution, Congress has power to make or to alter state regulations having to do with the manner in which senators and representatives are elected. That power has been vested in Congress since 1788, but it has been rarely put to use. Mr. Carter's pretty little four-part package would demolish nearly two centuries of wise restraint. To what partisan purpose? And to what good end?



"We switched to a Lockheed business system. To save \$50,000 a year."



An interview with James M. Allen, Business Manager, Secretary and Treasurer of Radiology Associates of Birmingham, Alabama, concerning his company's experience with Lockheed business system.

Q. What does your company do?

A. The business office, where the computer is utilized, handles billings and accounts for the 15 physicians who make up Radiology Associates.

Q. Why did you change to a Lockheed business system?

A. At the time, we were projecting up to \$80,000 per year for computer rentals and we couldn't do all the things we wanted to do. For instance, to do an inquiry into our data base was very complicated. Then Randle Rice of General Computer Corporation—your dealer—called on us. He showed me that I could run an RPG II program on a Lockheed system. After that I took what he told me on faith. That is, we could put terminals on line and do direct data entry and so on.

Q. But you weren't ready to buy yet, were you?

A. You're right. We looked at the bottom line first. After examining dollars, we decided to purchase the Lockheed System III. With potential savings of \$50,000 per year, we couldn't possibly see how we

could fail unless the system didn't actually perform.

We figured that if we used it for five years and then threw it away, we could save as much as \$250,000 compared to alternative systems available.

Q. What features of the Lockheed system attracted you?

A. The ability to get a growth system in an attractive economic package. It gave us on-line data entry and other capability.

Q. Anything else?

A. Compatibility with software languages. RPG II is a simple language; therefore we don't need a full-time programmer. That saves us about \$12,000 a year.

Q. Who operates the system?

A. About a dozen people. If a person can type and read directions, he or she can operate it.

Q. Are you convinced you bought the right system?

A. Yes and I would make the same decision again. I don't know any reason now for not picking the Lockheed system.

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On the one hand, the public certainly has a right to reasonable protection against injury and damage from faulty products.

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Furthermore, manufacturers are being sued as long as 40 years after products leave their plants. Even when products are altered by others and made unsafe.

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Should We Permit Unions in Our Armed Forces?

SHOULD personnel in America's armed forces be allowed to join unions?

The American Federation of Government Employees is polling its locals to see if sentiment favors an organizing drive in the services, and there is talk of military unionization in other quarters.

Proponents of such unionization ask: Why not? They point out unions function with strictly limited powers in the armed forces of Belgium, Denmark, Norway, the Netherlands, and West Germany, and with fuller collective bargaining rights in Sweden. A military strike is possible in Sweden, however, only if the government agrees the walkout would not be a national danger.

Opponents of unionization contend it would destroy the effectiveness of our national defense. They

see soldiers refusing to obey orders on grounds the orders conflict with union-won prerogatives, stopping everything in the heat of battle and going into collective bargaining, or demanding overtime pay.

How, opponents ask, can you run an army on a 40-hour week? Can our fighting forces function if personnel set working conditions? Can those forces function if servicemen and servicewomen have the right to strike? Would we see some service people in picket lines outside military bases while others refuse to cross the lines?

Opponents also say union bargaining in the armed services could be expected to lead to unnecessary increases in defense costs.

All this is sheer alarmism, proponents of military unionization say.

They say that military obedience

requirements turn some people away from careers in the service and that unionization would produce better personnel by giving individuals in the service more self-respect, thereby motivating them to be more effective. If the nation is to have effective all-volunteer armed forces and not go back to the draft, proponents of unionization say, service personnel must be treated as employees, just as if they were civilians working for the government.

Legislation has been introduced in Congress to prohibit unionization in the military. President Carter has said he opposes such unionization, and Defense Secretary Harold Brown has said he thinks he already has the authority to forbid it.

Should unionization be allowed in our armed forces? What do you think?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Should unionization be allowed in our armed forces?

☐ Yes ☐ No

Comments:

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Spreading the Social Security Tax Burden

"MANY government workers have pensions which allow them to retire at a fairly young age. Then they get a job in the private sector, pay Social Security for the minimum required time, and draw Social Security benefits without having contributed substantially

quired to carry the burden of Social Security or no one should," says John A. Walters, president of Shattinger Music Co., St. Louis. "Government workers can retire after 30 years or less and draw a pension. I have paid into the system for 35 years and have ten more to go. I would prefer scrapping the whole system and using old-age assistance for those who need it."

"No employee, either governmental or private, should be exempted from paying a tax which was intended for all," says Alfred D. Waite, vice president of Truck and Trailer Leasing Corp., Savannah, Ga.

John F. Kearns, director of engineering services for USS Chemicals, a division of United States Steel Corp., Pittsburgh, states: "Let all government employees contribute to the fund. Then eliminate some of the lucrative benefits associated with government pensions. The Social Security pool needs all the help it can get, and three or four million more contributors can help."

From G. W. Dodge, president of Stag Construction Co., Chicago, comes this comment: "This program should be shared by all employees, regardless of whether they are in private industry or government. If

Greenwich, Conn.: "It is axiomatic that the broader the group coverage is, the more stable a long-term system of transfer of payments is. It is notable that, when Social Security started, the number of government employees and the size of government payrolls were a far smaller per-



H. R. Kellett, a director of group sales for Holiday Inns, Inc., in Oak Brook, Ill., says: "There is no reason why everyone should not contribute to a program that is supposedly for everyone."

over the years as we in private industry have."

This comment, by Kenneth G. Kirkpatrick, manager of United States Fidelity and Guaranty Co., Lansing, Mich., is typical of many responses to the March "Sound Off to the Editor" question. The question: Should Social Security coverage be required for all government employees?

Along with more than 90 percent of the respondents, Mr. Kirkpatrick votes yes.

Of the federal government's 2.8 million civilian employees, 2.5 million do not pay Social Security taxes. Further, 30 percent of state and local government employees do not pay into Social Security, and state and local governments increasingly are planning to withdraw employees from the system.

There have been proposals in Congress to bring all government workers under the same mandatory Social Security taxes and coverage that apply to the private sector, without eliminating these employees' existing pension plans.

Here are the views of a number of NATION'S BUSINESS readers:

"All salaried people should be re-



Voting no on the question is Henry A. Correa, president of ACF Industries, Inc., New York City. He gives this reason: "The system is already overloaded. It needs fewer people, not more."

that cannot be done, the program should be made optional. Certainly, many individuals would prefer to pay into their own insurance programs."

And from H. Kurt Blumberg, chairman of Irvin Industries, Inc.,



"Let everyone share the load," says J. F. White, senior technical assistant for Bell Laboratories, Inc., Denver. "If economizing is what you want, reduce the government payrolls."

centage of total employees and payrolls than they are today. This fact alone inhibits the proper funding and function of the system. For the system to function effectively, it must include all wage earners."

Among the comparative handful of respondents who oppose such a change, some say increasing the number of Social Security contributors would in fact add to the system's difficulties.

"The problem," says L. W. Kunzel, president of Empire State Mutual Life Insurance Co., Jamestown, N. Y., "is that benefits have been increased faster than Social Security taxes have been increased to pay for them. That's political reality. Government employees would get benefits as well as incur a tax liability. But since benefits exceed liability, to add government employees would simply compound the underfunding."

Many voting yes hope for an even greater change. For example, Larry Israel, president of Visualtek, Santa Monica, Calif., says: "Far better would be a long-term phaseout of Social Security for all workers, since the system is obviously bankrupt and unlikely to be amended fairly in its present form."

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Streamlining Government

OMB Director

BERT LANCE Seeks Business Help

THE CARTER administration's basic aim in its plans for government reorganization is not simply to reduce the number of federal agencies and employees, Office of Management and Budget Director Bert Lance says. It is, he says, to make government more efficient in serving the country.

In the process of determining what government is "really trying to accomplish" and then finding "the best way to structure a delivery system that takes that into consideration," Mr. Lance says, much waste of the American taxpayers' dollars will be eliminated.

Mr. Lance made these statements in a wide-ranging discussion with Dr. Richard L. Leshner, president of the Chamber of Commerce of the United States.

The administration is eager to hear views of the business community on how the government should reorganize, Mr. Lance said. The National Chamber "will help in any way that we can," Dr. Leshner told him.

In the course of the discussion, Mr. Lance also said the Carter administration:

- Is deeply committed to the technique of zero-base budgeting as a means of cutting unnecessary government spending.
- Feels that government regulators in some cases impose "too many restrictions" on business and that government regulation has been too inconsistent and unpredictable.
- Is committed to reduce the paperwork burden on business.
- Fully intends to balance the budget by fiscal 1981.

A condensation of the discussion follows.



The head of the Office of Management and Budget, in a dialogue with National Chamber President Richard L. Lesher, discusses government regulation, paperwork, reorganization, and spending



Dr. Lesher: As I see it, during the past campaign, one of the central issues was the growth of government and the correlating growth in taxes.

Translated into action, the campaign rhetoric seemed to say that we need reform in the way we budget federal programs, we need government reorganization, we need regulatory reform, and we need to reduce federal paperwork.

Those are the subjects I would like to touch upon with you. Perhaps we could begin with budget reform—zero-base budgeting. Can you tell us exactly what zero-base budgeting is?

Mr. Lance: Well, it is a relatively simple tool to make people in the various agencies and departments rank and set priorities for their functions and programs. We are going to be doing all of the 1979 fiscal year budget on a zero-base budgeting concept. We think zero-base budgeting is extremely important to our ability to reduce the volume of paperwork, to balance the budget by fiscal 1981, and to reorganize the federal bureaucracy. We are dedicated to it.

Dr. Lesher: How does it differ from standard budgeting, in terms the ordinary consumer can understand?

Mr. Lance: What we did in Georgia about zero-base budgeting could easily be understood by the average person. We said to the department heads in Georgia: We'll give you three areas to work with. First, what kind of programs would you carry out if you were able to have 90 percent of last year's budget? Second, what kind of programs would you carry out if you had 100 percent of last year's budget? And third, what kind of programs would you carry out if you

had 110 percent of last year's budget?

That makes people rank their functions and rank their services. One of the great things about zero-base budgeting is that it flows from the bottom up to the top. Everybody gets to be a decision-maker, and you get all sorts of fine input about what the department or agency really is doing.

It's a very simple process in that regard. It gets tough in its implementation simply from the standpoint that somebody then has to set priorities.

Dr. Leshner: It has been said that zero-base budgeting would lead to the conclusion of certain programs more rapidly than other budgeting techniques. Could you expand on that?

Mr. Lance: That obviously is one of the results of zero-base budgeting. A good manager, who is concerned about being held accountable for his performance, is going to say that this program or function is not quite as important as this other program or function. Thereby, you eliminate as you go forward.

Dr. Leshner: It puts management by objectives front and center in the total management process.

Mr. Lance: No question about it.

Dr. Leshner: Well, I think you

would be pleased to know that the National Chamber has been working toward zero-base budgeting since 1972.

Mr. Lance: I think that speaks well for the involvement of the chamber in bringing about something good.

Dr. Leshner: If we had our way, in fact, we would have had it in 1974. Part of it was picked up in the Budget Reform and Impoundment Control Act of 1974. We are pleased to see it going forward. We want you to know that we'll help in any way that we can to move it forward. I think there is a great deal of sentiment out there in the general public, and in Congress as well, in favor of its being implemented.

Mr. Lance: I don't think there's any question about that. The more the people understand zero-base budgeting, the more they are going to be sold on it as a system, as a form of making some hard choices.

You know, zero-base budgeting doesn't make the decision-making process any easier. It gives you a broader view of what you're about, but some hard choices are obviously going to have to be made. That's part of the process in itself.

Dr. Leshner: Let's relate it to the administration's statements about government reorganization. I believe

there have been statements about limiting the number of federal departments and agencies to 200 or less. How does the administration plan to go about reorganization?

Mr. Lance: First, let me say that I think we should not be measured on reorganization just from the standpoint of how many agencies, departments, or bureaus we end up with. That is not a proper way to measure reorganization. I think we ought to look at it on the basis of the level of service that we ultimately have in government.

Dr. Leshner: Would that mean you would start out with certain objectives in terms of reducing the number of employees, the size of the budget, that sort of thing?

Mr. Lance: No, I think that we need to have an overall plan of how we are going to reorganize the executive branch of government. We need to examine what we are about functionally. What are we really trying to accomplish? What is the best way to structure a delivery system that takes that into consideration?

The number of employees is something entirely different. We have already taken some action to put a ceiling on the number of employees in the executive branch of the government.

But in reorganization itself we are



"We think zero-base budgeting is extremely important to our ability to reduce the volume of paperwork, to balance the budget by fiscal 1981, and to reorganize the federal bureaucracy."

more concerned about the function, the level of service, than anything else. That's where you get efficiency, where you eliminate some of the waste, duplication of service, and overlaps of agencies.

Dr. Lesher: You will find very quickly in this town that many agencies and departments are dabbling in the same thing.

The Energy Research and Development Administration is in charge of energy research, but since that is such a popular subject these days, everyone wants a piece of the action. So are you suggesting that, when you look at all of the agencies involved in energy research and try to pull them together, you can eliminate duplication of effort and thereby achieve savings in terms of both people and dollars?

Mr. Lance: Absolutely. Obviously, you have made a good study of government and know some of the overlap problems. There are a lot of overlaps in many areas.

For example, I believe we have 21 different programs that relate to student loans. It is difficult to set any sort of priority as long as that function is scattered through several different departments. That's where zero-base budgeting comes into reorganization.

After reorganization, suppose that you put all the student loan programs into one area and then rank them and set priorities. Then you know what you are really trying to do. Until then you really can't have any effectiveness in bringing about cost reduction or elimination of overlap and unnecessary functions.

Dr. Lesher: How much of the load for total program reorganization will fall on the Office of Management and Budget?

Mr. Lance: We at OMB will be responsible for the reorganization plans as they are submitted to the President and he in turn submits them to the Congress. We are not fully through with how we are going to structure that part of the process, but we will be very much involved in reorganization. We'll be responsible for the development of the plans and then the presentation of them to the Congress.

Dr. Lesher: I understand that in

"Reorganization will not be easy. We are not going to be able to wave a wand and say we have completed it. It is going to take a lot of hard work, and it is going to take the support of people in the U. S. Chamber as well as a lot of other people."

Georgia Mr. Carter asked for outside advice and assistance and that he drew heavily on the business community. Do you plan to do that here?

Mr. Lance: Oh yes. That's a most important aspect of reorganization. The business community responded in excellent fashion in Georgia. Nobody could have responded any better.

As we take on the question of reorganization in the federal structure, I would expect the same sort of response. The various cabinet officers, of course, will play a major role in the reorganization of their own particular departments and agencies, and this is as it should be. They are committed to the concept, as are all the rest of us. This will be an ongoing process that will develop as much participation as possible both from those inside government and those outside government.

Dr. Lesher: The Chamber of Commerce of the United States will help in any way that we can.

Mr. Lance: We appreciate that. You already have helped greatly by such things as your support of zero-base budgeting. These are new things, and, as you well know, people generally are a bit concerned about things that are new.

We need a broad base of public support with regard to reorganization, not only as we talk about the concept, but also as we talk about the ultimate implementation of it. Reorganization will not be easy. We



are not going to be able to wave a wand and say we have completed it. It is going to take a lot of hard work, and it is going to take the support of people in the U. S. Chamber as well as a lot of other people.

Dr. Lesher: There is no question about that. We wish Mr. Carter well on reorganization because we believe it is really needed.

Mr. Lance: There has been a lot of discussion about reorganization in times past. There have been a lot of plans, a lot of commissions. But one thing that never was included in the plans was the effect of zero-base budgeting on the budgetary process. And you simply can't effectuate reorganization without having the budgetary process involved, in my opinion.

President Carter is totally committed to reorganization of the executive branch of government. He feels it is the strongest single commitment that he has to the American people.

Dr. Lesher: We sent our message to Congress encouraging legislative authority for reorganization.

Let's move on to a closely related area, regulatory reform. Usually, when I mention the subject, I hasten to add that we are not talking about the abolishment of regulation. Some people, for some reason, assume that is what we are talking about when we talk about reform. I don't think most of the regulatory agencies we have today are going to disappear.

What we would like to see disap-

"In many cases, government regulates extremely well. In other cases, it does not. There is too much overlap. There is too much redundancy in reporting forms. There is too much nonmateriality in reporting forms. It is a waste of time. It is a waste of money."



pear are the long delays in regulatory decisions, some of the paperwork, and some of the bureaucracy. I think that is what we mean when we talk about regulatory reform.

Mr. Lance: Absolutely. When we talk about regulatory reform, we don't want it to be said that we are totally against government regulation. There is a need for government regulation.

Dr. Lesher: Exactly.

Mr. Lance: In many cases, government regulates extremely well. In other cases, it does not. There is too much overlap. There is too much redundancy in reporting forms. There is too much nonmateriality in reporting forms. It is a waste of time. It is a waste of money.

We have asked each cabinet officer and each agency head to submit to OMB a list of all reporting forms that are imposed upon the public and business community by their agencies or departments. We have asked that they examine the forms closely. Then we are going to take a look at the forms and see what we can eliminate.

The amount of time that people in the business community—chief executive officers and on down the list—are spending on regulatory problems is almost unbelievable. We are seeing so much of our productivity directed toward something that is totally nonproductive. It doesn't make any sense. It is costing too much money, it is imposing too many

restrictions. Business people are not able to plan the future of their companies because they don't know what the results of regulation are going to be. Government has been terribly unpredictable.

Dr. Lesher: We have been hearing the same thing. You know, you hear quite often that, when you add up the total amounts spent for government at the federal, state, and local levels, you find that we are using about 40 percent of gross national product in order to provide government for our people. But that figure is awfully low; it does not show spending for government that is hidden in the private sector accounts—the amount of money spent by individual companies and citizens to comply with federal paperwork requirements.

We surveyed our members recently on which forms they dislike most, and I would be glad to provide you with the results. I don't think you would be surprised to find out that 13 of the top 20 most-disliked forms are from the Internal Revenue Service.

When you talk about regulatory reform, are you thinking about all of the regulatory agencies, including some of the newer ones, like OSHA?

Mr. Lance: Yes. You have to explore the whole area of regulation in order to have some semblance of consistency, some semblance of predictability in government. I come from the business community, as you

know, and I have talked to a lot of people, not just from big business, but operators of filling stations, drugstores, and small dry goods establishments, people of that type. They tell me that they haven't been able to plan for a long time because government has not been predictable.

The only thing consistent about government has been its obvious inconsistency, a change in this and a change in that or an overruling of this and an overruling of that. This sort of thing runs throughout. We simply have to be able to look at the whole picture and ask ourselves: What are we really trying to accomplish in government?

Of course, regulation is necessary. The consumer has to be protected. There is no question about the basic overall need for government being present. But we really ought to ask ourselves to what extent. After we have answered that, let's set a structure that enables us to carry out what we are trying to accomplish without other adverse effects.

Dr. Lesher: I congratulate you for that attitude. I think government reform, regulatory reform, and paperwork reduction all go together.

Mr. Lance: Absolutely.

Dr. Lesher: And the only way that reform will be achieved is through the type of commitment that President Carter has already given. In fact, I believe that you can do a lot by federal directive, by leadership out of the Oval Office, without new laws and regulations.

Industry is willing to comply with regulations that are necessary, but in recent years an almost adversary relationship has developed between the regulators and industry. I think that can be corrected by presidential initiative and direction to the heads of the regulatory agencies.

Mr. Lance: I think you are exactly right about that. The President understands the problem.

After all, he is probably the first President in a long time who has really met a payroll and who has been on the receiving end of government intervention and government regulation. He has been in an industry that, of course, was looked at very closely by the Department of Agriculture. So he is very familiar

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with forms and that sort of thing, and he wants to see the process changed.

That is one of the real pluses for the business community in his being in the office of the President of the United States. He has dealt with the problems of running a small business.

Dr. Leshner: He has another businessman in the family who will keep pressure on him for change. [See "Billy Carter: Frustrations of the Small Businessman," page 28.]

Mr. Lance: Well, that helps.

You know, I can't think of anything that would bring about more public confidence than a tangible demonstration of doing something about this problem of paperwork and government reporting.

These forms just require so much of people's time. They are so complicated. They are not written in easily understood English. Government just makes things difficult, and it ought not to be doing that. Government ought to be simple. It ought to be responsive. It ought to be direct. It ought to be willing to say: This is what we are going to be doing and this is how we're going to go about doing it.

Dr. Leshner: We have been sitting here agreeing on just about everything. Perhaps we ought to disagree just a little bit. With that much of a lead-in, let me bring up another mat-

ter. It seems to me that the advocacy of adding a consumer protection agency to government is in direct conflict with the overall objective of reducing the size of government and reducing or holding the line on taxes.

Mr. Lance: I don't think there really is a direct conflict. However, I have to confess that I understand your reservations and the reservations of your membership about the establishment of a consumer advocacy agency.

You mentioned adversary relationship a minute ago. I don't think business and government ought to be in an adversary relationship. I think we all ought to realize what we are working for—improvement in the standard of living and the opportunity for the free enterprise system to do its thing.

Originally, I didn't see any need for a new consumer agency when we had other ways to deal with the problem. But I have now examined the situation and find there are a number of agencies that really ought to be brought together into one. There ought to be a consumer advocacy agency. The legislation now pending before the Congress, I think, has support.

What I would suggest to the members of the business community is that they get involved at the outset and have an input on how the agency

is going to be developed and how it is going to be run.

Sometimes, people in the business community just prefer to be negative, to be against everything. And while that is taking place, the legislation goes into effect, and regulations start being implemented, and business people find that they have been left out of the process. In being negative, they have lost the chance to participate.

So what I am saying in regard to the establishment of a consumer advocacy agency is that the business community ought to say: Yes, this is something we understand, this is a role government has to play. Now here is what we think the agency ought to be, the way we think it ought to be structured.

Dr. Leshner: Well, I agree with the general tenor of that advice. In fact, we have been advocating the same thing. We made an analysis to see what sorts of functions for the consumer are not yet represented in the government structure, and we advocated, for example, the refinement of the small claims court for handling consumer problems that can't be redressed by arbitration. And we are supporting operation of arbitration mechanisms around the country.

But the business community is trying to understand what this new agency will do that is not now being done. And perhaps it is too early to ask this question, but will the administration have its own consumer protection agency bill, or will it adopt the bill that was considered by the 94th Congress?

Mr. Lance: This is something that I haven't been involved in specifically so far, but I would think the administration would try to make changes within the existing proposals of Sen. [Abraham] Ribicoff [D.-Conn.] and Congressman [Jack] Brooks [D.-Texas] rather than have legislation of its own.

Dr. Leshner: I hope that the legislation is scaled down from what Congress considered last year. From your earlier remarks, it sounds like that is what you have in mind. The bringing together of existing offices is quite a different approach than what was considered by the 94th Congress.

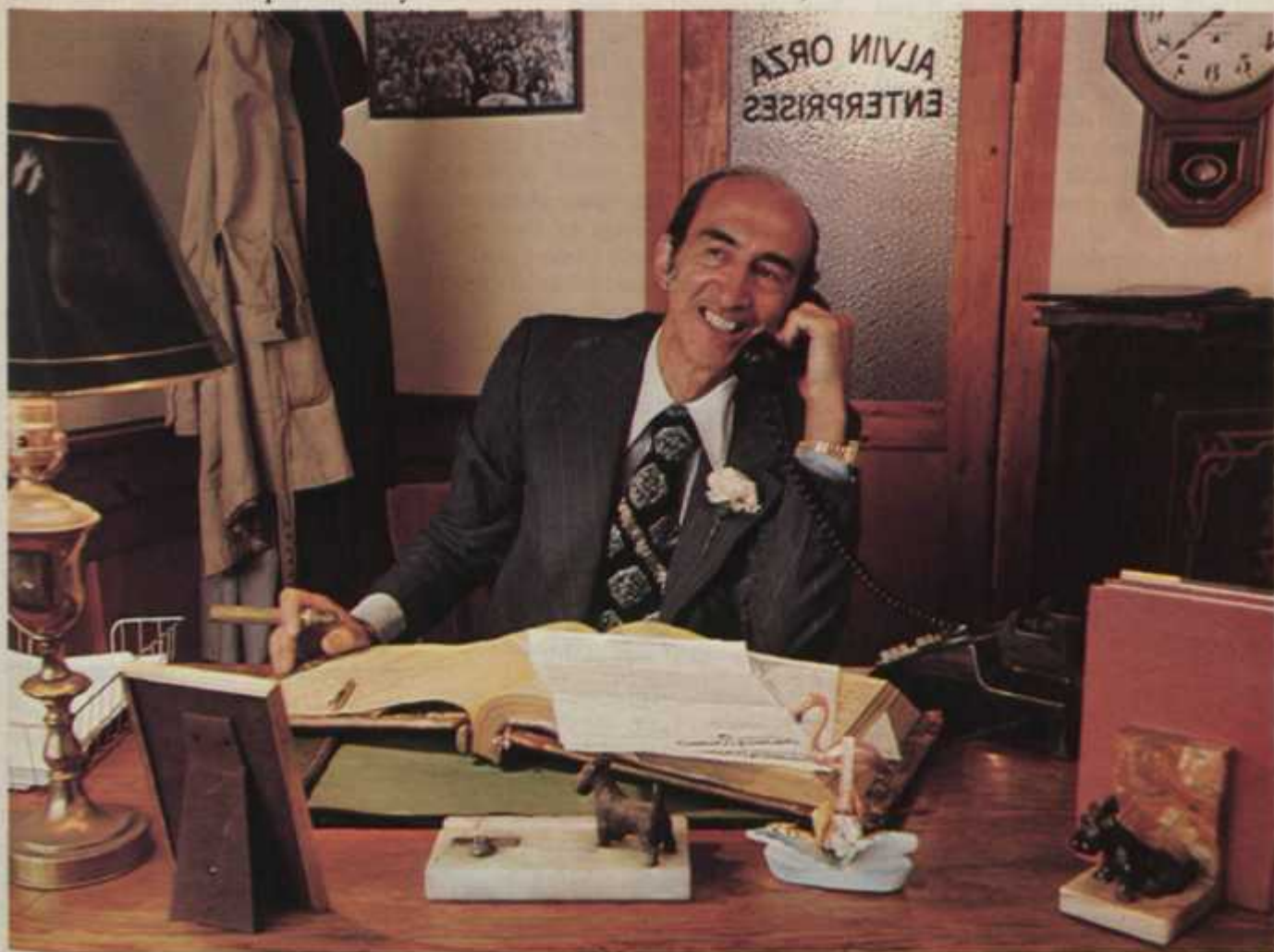
Mr. Lance: Well, what I was saying



"He is probably the first President in a long time who has really met a payroll and who has been on the receiving end of government intervention and government regulation. . . . So he is very familiar with forms and that sort of thing, and he wants to see the process changed."

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in that regard is that you don't really deal with the problem per se if you simply try to bring together the agencies that you have now. Other steps need to be taken, and I think this is where the disagreement comes with the business community. I don't disagree at all with the idea that we really need a consumer advocacy agency.

However, we don't need more and more layers of government bureaucracy simply to deal with the same problems.

Dr. Leshner: Let me quickly run through a few other questions. We applaud the President's objective of trying to balance the budget before the next presidential term. How would you rate his chances of doing that?

Mr. Lance: Oh, we are going to do that. We are committed to it totally. We are making our plans accordingly. I think that reorganization obviously is part of it. Obviously, zero-base budgeting is part of it. And then, more importantly, the one thing we simply must have is a viable

economy that grows at the rate of at least six percent per year.

I would hope that the business community begins to feel good about the Carter administration and develops confidence in our ability to reduce some of the burdens that relate to business. I would hope the business community goes ahead and makes the investments in plant and equipment that will create jobs in this country and get us on the road to a viable economy.

Dr. Leshner: It is my personal belief that the business community is feeling a great deal more confidence in President Carter. Your statement that he will be able to balance the budget should add a great deal more confidence.

Let me turn to another matter that may be slightly sensitive. What is in the cards in the area of wage and price controls or prenotification or guidelines—that sort of thing?

Mr. Lance: We have been very straightforward in saying that we didn't believe in wage and price controls and that we weren't going to ask

even for legislation giving us standby authority to impose them. They don't work. Obviously, there is no sense in repeating the same sort of tragic experience with them in the future that we've had in the past.

I think that the business community ought to accept what we have said on controls. Now I think there is a corollary to that. I keep hearing from people I talk to that prices are being raised at a fairly rapid rate in the wholesale area in anticipation of controls. I don't think that is being responsible.

If we are going to be concerned about inflation, a responsibility is imposed upon the business community, upon labor, upon government, upon all of us, to make sure that we deal with the problem in the best way.

If people are just raising prices pell-mell because of the fear of controls, I would hope that the competitive aspects of our system would begin to operate and force those price increases not to hold.

Dr. Leshner: That is a reasonable position. □



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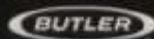
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Emphasizing the M in OMB

Thomas Bertram Lance chuckles as he recalls the late Sen. Everett Dirksen's comment about Washington finance: "A billion here, a billion there, and pretty soon you're talking about real money."

Quickly turning serious, however, the big, jovial director of the Office of Management and Budget says the time has come when Washington had better think about saving a million here and a million there.

Runaway government spending, he asserts, will come to an end under President Carter.

"The American people are really going to be surprised because the President means business," Mr. Lance says.

No simple country boy

Bert Lance, a longtime friend, associate, and confidant of Jimmy Carter, flaunts the image of a country boy awed by the sights and sounds of the big city, but he has been immensely successful in the banking business. Also, after being picked to straighten out the Georgia highway department when Mr. Carter was Georgia's governor, Mr. Lance earned the reputation of being tough, hard-driving, and dedicated to sound management and fiscal integrity.

Mr. Lance is confident that, as the thrust and character of the Carter administration become better defined, whatever uncertainty and skepticism about the administration are harbored by American businessmen will gradually fall aside.

"The President is very cautious about spending," Mr. Lance told *Nation's Business*. "He does not like to spend any more money than is necessary. What he does fiscally will always be done on the side of good management."

Bert Lance is determined to strengthen the M part of OMB.

"We have to be concerned about management practices in government," he says. "I can't understand

why this hasn't received more attention."

Mr. Lance, 45, is a towering figure, both physically (six feet four, 235 pounds) and in the White House pecking order. Presidential Assistant Hamilton Jordan may be closer to the President politically, but Bert Lance is closer in every other respect. Probably more than anyone else, he is an unofficial assistant President.

A college dropout

A college dropout, Bert Lance launched his business career as a \$90-a-month teller for the Calhoun First National Bank in the tiny, upstate Georgia community of Calhoun. The bank was owned by his wife's family. During Mr. Lance's 19 years with the bank, the last seven as president, assets shot up from \$7 million to \$38 million.

Bert Lance was an early political supporter of Jimmy Carter. In one of his first acts of office, Gov. Carter appointed Mr. Lance commissioner of transportation. Bert Lance quickly stripped the Georgia highway department of political favoritism and began running it like a business enterprise.

After four years in state government, Mr. Lance developed a taste for politics. He ran for the Democratic nomination for governor in 1974, but finished third in the primary. The reputation he earned in state government served him well otherwise, however. The National Bank of Georgia, in Atlanta, tapped him for its presidency.

He was not long on the job when he decided to wrest the bank from its out-of-state owner, Financial General Bancshares, of Washington, D. C. He prevailed on a group of Georgia investors to buy a controlling interest. Bert Lance borrowed money from Manufacturers Hanover Trust and picked up a big slice of the stock for himself.

In two years, under the Lance leadership, National Bank of Georgia's assets zoomed from \$250 million to \$400 million.

Bert Lance's Washington work habits have changed little from the schedule he set for himself in Atlanta and Calhoun. He is at his desk by 7 a.m. and leaves late, usually with a carton of homework. He gets by on four hours of sleep.

Does he consider himself overworked?

"No," he says. "I get satisfaction out of this job every day. More satisfaction than frustration."

Bert Lance could have picked an office in the White House, but he chose instead to set up shop next door in the stately Old Executive Office Building. He doesn't have to jockey for position to get the President's attention.

"I see the President every day, several times a day if I have to," he says.

Other Presidents have tried and failed to inject efficiency into the federal bureaucracy. That doesn't discourage Bert Lance, who will be largely responsible for carrying out the administration's government reorganization program.

"Real interest in reorganizing the government is more present in the minds of Americans than it ever has been," he says. "This is an idea whose time has come. The President is experienced in reorganization. He's willing to spend the time to accomplish it. Unless you're totally committed, it's awfully easy to get comfortable in the bureaucracy. The President is totally committed. He won't tolerate inefficiency."

Saving billions

Bert Lance believes he can save Uncle Sam billions if he can get the government to adopt a simple motto: "If it ain't broke, don't fix it."

He explains:

"That's the trouble with government: Fixing things that aren't broken and not fixing things that are broken." □



BILLY CARTER:

WILLIAM Alton Carter III, businessman, points to a stack of paper on his desk and says, "A lot of what they ask for in those government forms they send out is nobody's damned business."

Billy Carter, outspoken folk hero, points to his Amoco station down the street and wisecracks, "It's a beer joint—we sell gas as a sideline."

The public image of Billy Carter, brother of the President of the United States, is that of a hell-raising, hard-drinking, irreverent yokel. It is an image that he likes to project, but it is not necessarily the real Billy Carter.

Sound and successful

When he assumes the role of William Alton Carter III, businessman, a role seldom captured in television or newspaper accounts, he is a nonsense, hard-driving executive.

He has helped propel a small, family-owned farm products enterprise into a thriving multimillion-dollar business. Much of this growth occurred while his older brother, Jimmy, was governor of Georgia or running for President.

"No matter what you read about Billy in the papers, he is a very sound and successful businessman," one of his business associates in Plains, Ga., says.

Billy Carter, who has just turned 40, is a self-made success. He learned the peanut business from the ground up. Unlike his famous brother, he had only a smattering of college. He has had plenty of practical experience, however. He can look at four tons of peanuts on a truck and tell you within 200 pounds what they

Frustrations of the Small Businessman



Billy Carter is somber when he discusses government paperwork, his tax burdens, unemployment compensation, air pollution edicts, and worker safety and health laws. His expression becomes almost grim when the subject of welfare comes up.

weigh, and that is something you don't learn from schoolbooks.

Problems with bureaucracy

In many ways, like other businessmen, small and big, Billy Carter is fed up with the Washington bureaucracy as it affects his business. The infectious Carter grin fades when he talks about worker safety and health laws, air pollution edicts, government paperwork, taxes, and unemployment compensation. The expression turns almost grim when welfare is mentioned.

Some of the problems which bother Billy Carter the businessman could be eased by Jimmy the President if the latter carries out some of the promises he made before and after his election.

Speaking of the Occupational Safety and Health Administration, a thorn in the side of most small businessmen, the President said recently: "If I can clean up the mess in OSHA, I can be reelected." The President also has launched an attack on government paperwork.

Billy Carter, who twice ran un-

successfully for mayor of Plains, population 683, says he rarely discusses affairs of state with his brother.

"The only thing I'll raise hell with him about is agriculture," he says. Hesitating, he tones down his comment. "I won't say raise hell, but I have called Secretary Bergland [Secretary of Agriculture Bob Bergland] a couple of times."

Problems with OSHA

Operating the Carter warehouse, which buys, processes, stores, and markets peanuts and sells fertilizer,

lime, and other farm products, has brought Billy Carter into conflict more than once with OSHA and with the federal Environmental Protection Agency. EPA inspectors from time to time have claimed the peanut shelling process has polluted Plains.

The President is well acquainted with Billy Carter's feelings in some of these areas.

"Jimmy knows what trouble I've had with pollution because I raised so much hell at the state level when he was governor," the younger brother asserts. "He knows how much I've had to spend on pollution."

Carter farm leased

The Carter family interests include the warehouse, in which the President has controlling interest, and Carter Farms, Inc., a 3,061-acre farm outside Plains which is owned jointly by seven members of the Carter family.

Under an agreement signed by President Carter shortly before his inauguration, the farm has been leased and the warehouse will be sold. The President's holdings in

both properties have been turned over in trusteeship to Charles Kirbo, an Atlanta lawyer who is a close friend and adviser to the President. Billy Carter's livelihood depends on the family business, and President Carter has asked Mr. Kirbo to keep that in mind in whatever disposition is made of the properties.

Billy Carter told NATION'S BUSINESS he has been given first option to buy the warehouse, which already has attracted several potential buyers.

"I know what the warehouse is worth, so I'm not going to pay a premium for the Carter name," he says. "I've already got the name. In effect, the warehouse will be placed on the open market for sale, and it will be a straight business transaction."

The Carters spent about \$1.2 million on warehouse improvements during the past two years, largely involving a new peanut shelling plant with facilities for additional storage.

"We simply could not meet OSHA requirements in the old plant," Billy Carter says.

Jimmy Carter, Annapolis graduate, designed the plant, and Billy Carter, onetime paint salesman and construction worker, supervised construction.

"That's where I got an education," Billy Carter explains. "I worked with the builders from the first day to the last so I could learn every inch of the operation. When it was finished, I trained the workers."

Irk some complaints

He estimates that 22 percent of the spending on shelling equipment in the new plant—the total came to \$800,000—was dictated by OSHA and EPA requirements. Despite that expense, he says, federal inspectors still are on his back with niggling complaints.

Pointing to the top of a grain elevator where the shelling operation starts, he says, "We had to spend \$400 for some guardrails up there, but one man might go up there once a year."

At the peak of the processing season, in the fall, the Carter warehouse employs up to 75 men and women. The number of employees has been falling off as more and more labor-saving devices have been installed, and the trend can be expected to continue.

Unfortunately, the victims of the labor-saving devices are some of the hard-core unemployed in the area.

Problems with minimum wage

"Every time the minimum wage goes up, we have to lay off a few more people," Mr. Carter says. "I'd rather give these people jobs, but I have to look at costs."

At one time he had 24 women sorting peanuts by hand. Virtually all have been replaced by a series of electric eyes which sort the peanuts mechanically.

In the peanut shelling plant that was shut down because it could not meet OSHA requirements, there were jobs for about 35 men and women.

"We are doing five times more production in the new plant, and we can get by with 15 people," Mr. Carter says.

Billy Carter hired a student at a nearby school for problem learners to sweep the plant and do other odd jobs.

"I could have given jobs to five or six boys in that school if it weren't



"Basically, I'm not a Democrat. I voted straight Democratic in the last election for the first time in my life. I vote for individuals, not party."

for the minimum wage," he comments.

He says he would favor a two-tiered minimum wage system in which teenagers could be hired at a lower rate.

"Actually, I would much prefer some kind of system where we could hire people at a lower figure and gradually raise them to the minimum wage," he says. "That way, we would have a chance to see if they can do the work, or even show up for work, before giving them a regular job."

"I'm really on the spot. Every time the minimum wage goes up, I have to raise my other employees. It's not fair to have your better employees making the same as those who don't put as much into their work."

He pauses a moment and laughs. "You know, I shouldn't be talking like this. Every time I say anything about the minimum wage, I get more hell. Especially from the unions. But I'm going to say it again. A lot of people simply aren't worth the minimum wage."

Problems with welfare

Billy Carter is convinced that Washington is to blame for some of the unemployment in this country, not only because of the minimum wage, but because of unrealistic, unsound, and sometimes ridiculous regulations on unemployment compensation and welfare.

"We have a lot of trouble in this area with welfare," he says. "In Sumter County we have as many people administering welfare and related programs as there are in the rest of the county government. Five years ago we had eight people handling welfare; now there are close to 60. They raise hell if people getting welfare go to work."

"Here's a good example of what I mean. I had a man working for me—a big, strapping fellow—who had some kind of chronic leg ulcer. He went to a new doctor who told him he had to stay off the leg for a couple of weeks. They put him on welfare. At that time the work was seasonal, and he was making as much on welfare as by working. That was 15 years ago."

"I see him every once in a while walking down the street. On Saturday afternoon he's drunk and raising hell. I finally complained to the welfare people, and you know what they told me? 'Well, we check him every



The President and Billy Carter share an informal moment in the Carter warehouse. "We chat every once in a while," Billy says. "But I let him call me; I don't call him."

Thursday afternoon, and he's always there sitting in a chair with his foot propped up.' I got mad. I said, 'Damn it, if I was drawing what you're paying him, I know damned well that one afternoon a week I'd sit there and watch television with my foot propped up when you come in.'"

"The trouble with the welfare program is that the more people they have on the payroll the more they hire, and the more they hire the more the director gets."

Billy Carter is no less disenchanted with the way the jobless pay system is operated.

Unemployment pay abuse

"Our unemployment compensation system is so much abused," he complains. "I guess we brought 50 people here from the state employment office this year when the rush season was on. I know of only one man who took a job and stayed on for a few weeks. The only thing most of them want to do is come out here and get us to sign the slip showing they applied for a job. Then they go back

home and continue drawing benefits. We operate 60 and 70 hours a week in the rush season, so we had the jobs if people really wanted to work."

"When unemployment was at the highest, I needed a man to run a peanut drying machine. It would have paid \$250 to \$300 a week. I couldn't hire a single person. They would rather draw \$90 in unemployment benefits every week and pick up food stamps at the same time."

Firing challenged

Because of the jobless pay system, Billy Carter finds that firing can be as difficult as hiring.

Several times he caught one of his workers sleeping in the warehouse. On one occasion he had to send the man to the hospital, where an examination showed a heavy concentration of alcohol in his bloodstream. After repeated warnings, Mr. Carter let the worker go because, among other reasons, he worked around dangerous machinery.

State unemployment compensation officials objected to the firing, and Mr. Carter's contribution to the

jobless pay system was increased as a result.

"I appealed, but the government ruled in the man's favor," Mr. Carter recalls. "They said that I had no proof the man was drunk on the job, that he was probably only sleeping. I even had the hospital report which showed the man's drunken condition."

Tax inspectors call

Being the President's brother doesn't discourage visits by federal tax inspectors. Billy Carter interrupted his interview with a NATION'S BUSINESS editor when two Internal Revenue Service officials called at his warehouse office. Later he explains:

"They came to talk about an audit. Said we were selected at random for a complete check—my records, Mother's, the warehouse's, the service station's, Jimmy's, and the farm's. All six of us at one time—and at random."

"When I heard they were coming over, I put the word out in Atlanta that they'd have to get a court order if they wanted to see all these records. That shook 'em up. I won't do it, of course."

No. 1 problem: government

Ask Billy Carter what is the greatest problem the small businessman has to contend with and he answers with one word—government.

"No question about it, government at all levels, but especially at the federal level," he elaborates.

"I'm not going to deny that some of those OSHA and EPA regulations are good. They are. But I'm talking about all the ridiculous regulations we have to put up with."

"The major complaint I have is that 90 percent of the folks they send here to inspect us don't know anything. We have some kids right out of college who don't know a damned thing. I could tell them this [pointing to his bookcase] is a peanut sheller, and they wouldn't know the difference. The trouble is that they don't educate these inspectors before they send them out."

What, he is asked, would make OSHA and EPA more workable? His answer is simple: "A little common sense."

The Carter warehouse at one time ginned cotton for farmers in the area, but gave it up. Cotton ginning, like

mechanical peanut shelling, is noisy, a circumstance which brought Billy Carter and OSHA into one of their confrontations.

Works machinery himself

"All of the employees working around the gin had to wear earplugs," he explains. "So I had to do the ginning. You see, as the owner, there was no way I could be made to wear earplugs. There are about 80 electric motors on a cotton gin, and the only way you can tell when there is a problem is to hear it. You can't convince OSHA about things like that."

"I had to put in an expensive wall across the whole new shelling plant to cut down the noise. That wall is completely worthless for anything else."

After the plant was completed, OSHA ordered Billy Carter to install additional toilets as well as hot water in the washrooms.

"Now they're after me to put a couch in the women's washroom in case someone gets sick," he says. "Hell, I don't have room to put in any couches. So I told 'em to go to hell, and I haven't done it yet."

Does Billy Carter believe his brother will succeed in cutting back federal paperwork?

"I sure hope so."

Time filling out forms

Until the federal government let up somewhat on some forms that had to be filled out and returned to Washington, according to Mr. Carter, his office staff was spending about 15 percent of their time filling them out.

"Some of these quarterly, semi-annual, and annual reports are a three and four-day job," he explains. "Some are almost impossible to fill out. I had some forms that had to be filled out by the 15th of the month, so for five days before the 15th we didn't do a thing but government paperwork."

Billy Carter says that much of the information sought by government agencies should be seen by only one agency, the Internal Revenue Service, if any.

"Take these crop reports and the agricultural census," he says. "A lot of them have to do with my finances. I don't like that information going through 40 government hands. Me,

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Unflunk your life

by Earl R. Hudson



4 out of 5 Americans, even college graduates, would fail an 8th grade quiz on their own personal finances. The reason? The almost impossible complexities of handling money in today's world. But now, thanks to State Mutual's new Financial Planning Service, there's a practical solution to this dilemma.

In 30 years as a financial consultant, I've discovered a sad truth. Most people, regardless of intelligence or education, fail to come even close to exploiting their opportunities. And it isn't their fault. Because today, with the rising complexities of personal and business finances, it's difficult — without professional assistance — to keep up with constant changes in everything from taxes to the cost of living.

A proven method

Yet now, in my opinion, there is a proven method available to everyone for turning financial uncertainty into a solid, workable program for the future: State Mutual's Financial Planning Service.

In studying this service firsthand, I've found that it can help people, no matter what their income or occupation, to straighten out their financial lives. A quick example: A medical doctor began private practice after an extended period of government service. He was about to buy life insurance without even thinking about Social Security or his government service benefits. Worse, he was unaware that his estate, someday, would be hit with excessive taxes. A State Mutual representative wisely coordinated his insurance needs with other assets and replanned his estate to reduce the vulnerability to taxes.

The hazards of success

Here's another example, this one showing an unexpected hazard of business success. The partners in a San Francisco printing firm agreed on a stock redemption plan paid for by a combination of whole life insurance and decreasing term insurance. As the business grew and the value of the term insurance decreased, the partners were unknowingly threatened with the loss of

their business if one of them died. The State Mutual representative pointed out this risk and recommended a plan to avoid it.

Perhaps the most pathetic examples I see are when people reach retirement age only to learn that the dollars aren't there to make their dreams come true. A 34-year-old self-employed architect had the foresight to discuss this possibility with a State Mutual representative. He learned, for one thing, that he could apply up to \$7500 each year in tax-deductible dollars to a plan that will not only pay him a guaranteed monthly income on retirement, but will protect his family in the intervening years.

Your objectives

What is the State Mutual Financial Planning Service? And how does it work to change people's lives for the better? To me, it's one of the most sensible approaches ever developed for helping people to manage their money. It works because it is an approach based on your feelings, and your objectives. Not State Mutual's.

The key to this service is the State Mutual representative. When you first get together with him, he'll listen as you describe your feelings about money, and your goals for the future.

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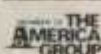
Next the representative will prepare a thorough analysis of your assets, insurance, and benefits; including Social Security and

employee benefits. In short, everything that affects your financial life. This analysis, by the way, is supported by one of the most advanced computer-assisted programs I've seen.

What results is a clear, concise plan for turning your financial goals into action. It could even include coordination with other personal advisors — your lawyer, accountant, or banker, for instance.

Most of all, the State Mutual Financial Planning Service can smooth your way to a financially sound future. For your family, your business, yourself.

Here's my suggestion. Fill out the coupon below and send for the free 20-page booklet. It provides valuable information about State Mutual's Financial Planning Service. At the same time you may want to get in touch with the State Mutual office nearby.



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Earl R. Hudson is an author and lecturer on financial affairs. He is the former Chairman of the Board of Kennedy Sinclair, Inc., and has served on the faculties of state banking schools in New York, New Jersey, Pennsylvania, North Carolina and Florida.

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Please send me a copy of your free 20-page booklet that describes State Mutual's Financial Planning Service. I understand there is no obligation. State Mutual Life Assurance Company of America, 440 Lincoln Street, Worcester, MA 01605.



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Billy Carter tries to maintain an informal life-style. That isn't easy, however. He finds privacy harder and harder to come by at work or at play.

I'm kind of peculiar. I have six or seven bank accounts because I don't like everybody to know how much money I have in the bank.

"When they do these agricultural censuses, you can almost say the hell with everything else for almost a month because it's going to tie you up that long. I have to help the farmers who deal with us. The only place they can get the information to fill out their own census forms is right here. So we have to go through all our back records to satisfy the government. And you can't get out of it because it's required by law."

Tax rebates—too costly

Mr. Carter used to get a rebate from the State of Georgia for taxes he paid on diesel fuel for his tractors that bring in peanuts from the farms. The voluminous paperwork forced him to forgo the rebate.

"The cost of keeping the records

and filling out the forms just wasn't worth it," he says. "Every time a tractor filled up with diesel, I had to send a man out to get a record of the transaction. At the end of the month we had to add everything up and fill out a five-page form. If that wasn't enough, the state had somebody down here asking us for proof. I lost about \$50 a month, but it wasn't worth fooling with."

Like all businessmen, Billy Carter is hit by paperwork from all sides. In one EPA check of his new plant, inspectors came across a piece of peanut cleaning machinery which fell short of certain pollution control requirements.

"The permit I had to get to put in the controls was so complicated it cost me \$200 just to get the damned thing filled out," he recalls sourly.

Billy Carter has invested much effort in learning about business. That he has learned well is shown by the

fact that the warehouse, during the six years he has been responsible for its daily operations, has seen gross sales shoot up from \$1 million annually to \$5 million.

Business started in 1930's

Billy learned a lot about the business hanging around the warehouse as a child. He was extremely close to his father, Earl, who launched the business in the 1930's, selling fertilizer, lime, and general agricultural supplies, as well as storing peanuts and ginning cotton. When the elder Mr. Carter died, Billy was only 14, and Jimmy was forced to abandon a career in the Navy to return to Plains and take over the farm and warehouse.

Billy Carter, meanwhile, joined the Marines after graduation from Plains High School and spent four years in uniform, serving for a while in the Far East. He was 18 and on leave from Marine boot camp when he married his childhood sweetheart, Sybil, who was 16.

In 1959, when he was discharged, he tried a succession of jobs—construction work, selling paint in Macon—and enrolled for a brief period at Emory University in Atlanta. In 1962 he went to work with Jimmy at the warehouse.

Business in good hands

"Miss Lillian," as Jimmy's and Billy's mother is affectionately known around Plains, says the family business is in good hands.

"Billy is more popular with the farmers than Jimmy was," she says. "He's more down to earth. Despite what some people think, Billy is just as well read as Jimmy, and he is really smart. He's well loved, especially by the farmers and the newsmen. His only trouble is he cusses too much and drinks too much beer—but not on duty."

David Reeves, assistant manager of the Carter warehouse, says that "Billy knows everything about peanuts. He can pick a peanut out of a truck and tell you the moisture content within five percent. Or he can pull a young peanut out of the ground and predict the maturity date within a week."

Ernest Turner, owner of Turner's Hardware and Department Store and chairman of the board of deacons at the Plains Baptist Church, was a

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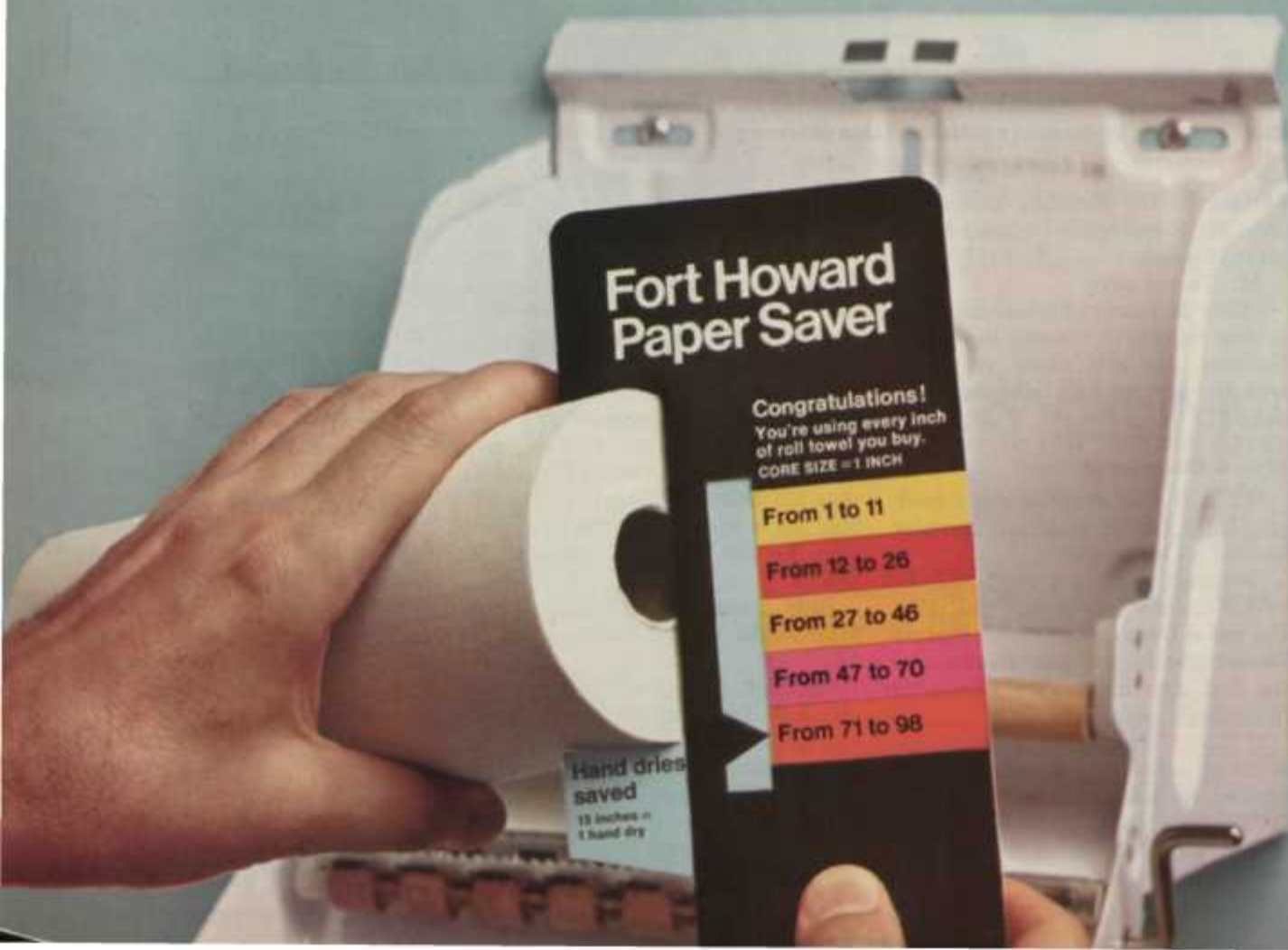
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Complaints and pronouncements from OSHA inspectors are a constant problem for Billy Carter. "Now they're after me to put a couch in the women's washroom in case someone gets sick. Hell, I don't have room to put in any couches."

partner in the fertilizer portion of the Carter warehouse business for almost 15 years.

Mr. Turner says:

"Billy is a smart businessman. He is very capable of running the family business. He gets along very well with the farmers and talks their language."

Not a Democrat

While it may surprise some readers, Billy Carter does not consider himself a Democrat.

"Basically, I'm not political," he told *NATION'S BUSINESS*. "Basically, I'm not a Democrat. I voted straight Democratic in the last election for the first time in my life. I vote for individuals, not party."

If Billy Carter is impressed by the political achievements of his older brother, he doesn't let on.

"Yes, we chat every once in a while," he says. "But I let him call me; I don't call him."

What does he consider his brother's single greatest attribute?

"His determination to be a good President. I said in the beginning that if determination and hard work would get the presidency, he would be President. I was proved right.

"I'm not saying he'll be an extremely popular President, but he'll get things done. They said he owes so much to the blacks and the unions that his hands will be tied. I guess you see who's raising the most hell since he got in: the blacks and the unions."

Billy Carter gives Jimmy Carter high marks for his performance so far.

"I think he's doing a good job, although I'm like everybody else—I'm not extremely happy with all his appointments. There's a couple of them I'd like to see fired."

He won't say who.

Although he ran twice for mayor of Plains—losing by six votes in 1972

and 19 last year—Billy Carter concedes he had little chance of winning "because I'd just as soon drink a beer out in the street."

Transformation in Plains

Actually, Billy Carter wanted to be mayor because he loves the town dearly.

He is saddened, frustrated, and angry over the sudden emergence of Plains as a tourist mecca.

"Plains has gone from a quiet little town to the biggest junk shop in the United States," he complains.

Virtually every store along block-long Main Street has been converted into a souvenir shop selling cheap mementos, some demeaning to America's first family. Three bus firms hustle tourists past landmark attractions—the homes of Miss Lillian, the President, Billy, and cousin Hugh Carter; Billy Carter's Amoco station; and, of course, the warehouse.

Tourists are pouring into Plains

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by the hundreds daily, their numbers to swell by the thousands this summer. There are no hotels or motels. Portable toilets have been installed in a small park. Real estate prices are skyrocketing.

Business harder to run

Billy Carter is finding it harder and harder to run his businesses. He has lost his privacy. Tourists cluster around the Amoco station and the warehouse, waiting for a glimpse or

an autograph. Visitors sometimes force their way into his office. He rarely goes to the station, once his favorite hangout.

"Sometimes, to conduct business, I have to go to my lawyer's office, or a beer joint down the road, or just jump in my truck and do business with people while we're driving around," Mr. Carter says.

Tourists tramp over his lawn at home. One demanded admittance at 7 a.m. one Sunday to take pictures

inside. As a result of threatening letters, the younger of the six Carter children no longer are allowed to move about freely. The Carters recently announced they would have to move out of Plains because of fear for the safety of their children. They have bought a house out in the countryside, 19 miles north of the town, and plan to begin living there this summer.

In a quiet way, Billy Carter is trying to diminish the onslaught on the character of Plains. He recently accepted appointment as one of three county assessors.

Selfish and unselfish

"I did this for selfish and unselfish reasons," he explains. "Plains is basically a town of widows. Most of the people here are old and on fixed incomes. With land values shooting up the way they are, the taxes on these people's properties will go out of sight."

Mr. Carter will, however, have to give up the assessor's job when he moves from Plains.

As an example of the rising value of property in Plains, he says he can get \$1,500-a-month rent on a Main Street building he owns that brought only \$40 a month three years ago.

Hiring lawyers out of his own pocket, Billy Carter has successfully fought five rezoning cases in which residential properties would have been made available for commercial development.

He says he is convinced that, if the junk-shop sprawl continues, "it will be impossible for the people who want to live here to stay, and the town will become a major rip-off spot for the tourists."

Civic projects

If he can't halt the proliferation of souvenir stands, he has at least found a way to convert some souvenir sales into civic betterment. For some years he has held a lease on the old Plains railroad depot, where his brother launched his presidential drive, and has used it to store lime and fertilizer. After the election he helped form a group called Plains Civic Projects—he is president and his wife is treasurer—which opened a souvenir shop in the station.

"Billy has insisted that all the profits be used for worthwhile civic

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projects," says Ralph Cornwell, a retired Sears, Roebuck merchandise manager who now runs the depot shop. "He'd like to take over one of the old buildings, for example, and show historic movies of this area to the tourists."

Mr. Cornwell says he met Billy Carter about 11 years ago, when he moved to Plains.

Likes to make money

"I was and still am very impressed with him. When it comes to money, he is a very serious man. And he is quick to accept ideas on how to make money. I remember he was looking for a cotton gin a few years ago, and I told him about one I had heard was for sale in Tampico, Mexico. He was way ahead of me. He had already contacted the Mexican government and was making plans to buy it."

Billy Carter has hired an agent to handle speaking requests and public appearances as well as to ward off scores of promoters who want him to join in ventures exploiting the Carter name.

At work by six

Except for the pressures imposed on him and his family by the hordes of tourists—"we used to get three a year, and two of them had just lost their way"—Billy Carter has resisted the presidential aura that touches all of the Carter clan, and he clings to his old life-style.

He is usually at his office no later than six in the morning. He wears blue jeans or other work clothes. When he is not conducting warehouse business, there is always a coterie of good-old-boy friends who drop in for small talk. But he misses his old hangout, the Amoco station.

Washington leaves Billy Carter cold. The White House has no appeal for him. He would not find it difficult to choose between attending one of his brother's state dinners or drinking beer with his buddies.

"When Jimmy was governor I went to only one function," he recalls. "That was when he had a reception for the Vietnam prisoners of war. These things are too stiff. They don't turn me on at all."

Billy Carter sums up his feelings in a few words:

"I don't like to go anywhere if I can't get back the same night." □

How Absurd Federal Rules Victimize the States



BY GOV. PATRICK J. LUCEY

Overregulation from Washington is a costly headache not only for business, but for state governments, too. Wisconsin's governor headed an investigation of the problem for the National Governors' Conference and proposes solutions

WHEN the state of Wisconsin built some facilities for the mentally retarded a few years ago, it included about 100 single rooms providing 90 square feet of living space—ten square feet more than called for in existing federal regulations.

Later the federal Department of Health, Education, and Welfare issued new standards requiring that individual rooms had to be at least 100 square feet in size. Moreover, HEW decreed that no more than four mentally retarded residents could occupy a multiple sleeping room.

If Wisconsin is to live up to the revision in federal living space standards, it will have to eliminate single rooms, combining two singles into one double in order to pick up the required additional space. Needless to say, the state will not be able to accommodate as many persons who need individual housing.

Lower quality of care

To comply with the other requirement—a maximum of four persons per room—would involve \$3.1 million in remodeling costs. Also, I am advised that we would have to add more than 200 people to the staff at an annual cost exceeding \$2 million. Currently one health professional can closely supervise 12 to 16 seriously retarded patients who are cared for in large dormitory-style quarters. The present staff could not provide the needed care if these quarters are broken down into smaller rooms.

Not only would these federal requirements fail to significantly improve patient care in most cases, but they would actually result in a lower quality of care for some patients. Nevertheless, if Wisconsin does not comply with the requirements, it will lose federal funds whose source is taxes paid by its citizens as well as the citizens of other states.

The state of Oregon set out to re-

place two old bridges, one over the Yachats River and the other over the Snake River. Both the Oregon Highway Department and the Federal Highway Administration, an agency of the U. S. Department of Transportation, had approved project environmental assessment reports.

In stepped the U. S. Coast Guard, another part of the Department of Transportation, and threw out the environmental assessments. The Coast Guard demanded that the state file a negative declaration—showing neither bridge would adversely affect the environment—or an environmental impact statement. This delayed construction three months for one bridge and eight months for the other.

Unneeded airport reports

If a state wants to participate in the federal airport development program, it must file an environmental impact assessment report estimating the amount of aircraft emissions that will result from the increased use of whatever airport is involved.

These emissions projections are then compared to the national ambi-

Agency, even though researchers commissioned by EPA concluded there was no need for such projected emission calculations. Interestingly, the conclusion was based on studies made at the Van Nuys Airport in California and the New Tamiami Airport in Florida, two of the nation's busiest general aviation airports. The researchers found there were "no instances in which predicted [emission] concentration exceeded air quality standards."

The real damage

These are only a few examples of what state and local governments must put up with in order to do business with Uncle Sam.

The damage done by federal red tape is much more serious than a mere listing of needless paperwork and meaningless requirements would imply. The real damage is in waste of tax dollars, misuse of public employee skills, and subversion of program goals.

In Wisconsin federal red tape has snarled state attempts to clean up the air and waterways, and it has deflected attention and money from

EPA issued an average of one new regulation per working day. Each regulation must be reviewed by the Wisconsin State Department of Natural Resources. Anytime a regulation requires revision of the state administrative code—and about 30 regulations do each year—there is a cost of \$10,000 to \$15,000 in staff time. Continuous changing of federal rules also means that the state's enforcement effort is constantly out of compliance with federal standards.

Members of the University of Wisconsin affirmative action staff, who could be helping to find qualified minority candidates, spend most of their time meeting detailed—and often absurd—federal reporting demands. Two university employees have spent more than seven months adjusting a 6,000-page affirmative action report so it will comply with rigid requirements laid down in Washington. I cannot conceive what reasonable need this will meet, nor do I believe there are enough bureaucrats in Washington to analyze such reports pouring in from states and territories.

Five problem areas

Wisconsin certainly is not alone in trying to fight its way through the federal bureaucratic thicket.

I joined other governors in preparing for the National Governors' Conference a report detailing the pervasiveness of needless federal requirements and burdensome paperwork. The report identified these five general problem areas which characterize state and federal relations:

Lack of coordination among federal departments or agencies.

For example, a state trying to help people displaced from their homes or businesses by federal construction projects runs up against eight different sets of guidelines from eight separate government agencies. You can imagine the confusion—and the inequities in many cases. Residents of opposite sides of a street and businesses located around the corner from each other receive different levels of assistance because of disagreement among bureaucrats.

Both Congress and the executive branch are aware of this situation and have tried to do something about it. Progress is slow, however. More than five years after special committees were set up to bring order out

"By eliminating the restrictive, costly web of excessive regulations, federal officials can work closely with individual states to solve particular program-related problems and facilitate—not hinder—the delivery of important services."

ent quality standard. For most small general aviation airports, the pollution level during the worst period ten years hence is expected to be less than one tenth of one percent of the standard. Yet development projects at such airports are not exempt from the projected emissions procedure.

The procedure is a requirement of the Environmental Protection

meaningful affirmative action efforts in the employment of women, minorities, the handicapped, and veterans.

State employees who are supposed to be fighting pollution are so busy trying to keep up with a steady flow of new federal regulations that they have difficulty getting on with their job.

During one period, for example,

of chaos, these committees still are discussing ways of compensating residents or businesses forced to relocate.

At the state level this has created administrative nightmares for those agencies responsible for providing uniform treatment to uprooted homeowners and business establishments.

The federal government's tendency to exceed its authority by encroaching on matters wholly under state jurisdiction.

Consider the Land and Water Conservation Act. Say a state agency wants to use funds obtained under the act to buy a small parcel of land to expand a park or forest. As a result of a provision in the act, the entire park or forest then would come under the jurisdiction of the Bureau of Outdoor Recreation. If the state thereafter wanted, for example, to straighten out a highway running through the property, the state would have to get federal permission and assure Uncle Sam that whatever land is lost to the road would be replaced by other land.

More attention is paid to detail than to end results.

I have already described how the imposition of unrealistic federal regulations will hurt Wisconsin's efforts to help its mentally retarded. Now take Circular 74-7, issued by the Office of Management and Budget, which calls for a biennial audit of every state and local project supported by federal grants.

The U. S. Department of Agriculture has announced that the school lunch program must comply with Circular 74-7. In Wisconsin state law already requires annual audits of all public school districts, and food programs are reviewed every three years. The combination of the two has kept abuse of the school lunch program to a minimum.

Must the state really be put to the expense of a review of the school lunch program every two years?

If the school lunch regulations are extended to include the other child nutrition programs, as Agriculture Department officials hint may be done, about 3,500 schools, camps, day care centers and Head Start programs in Wisconsin would have to be audited biennially. We estimate we would have to add 25 full-time auditors, and the taxpayers of my state would have to ante up \$250,000

annually to pay their salaries. Does that make sense?

Regulations governing some federal programs are far too rigid. Take the guidelines set down by the Defense Civil Preparedness Agency for preparing public officials and communities to handle disasters. The time allotted for each activity is clearly spelled out, with little room

government with exhaustive reports at frequent intervals. Sometimes the data provided are available to no one but the federal agencies requesting the information. Sometimes several agencies require the same information; but, due to different reporting formats and time frames, one report will not suffice.

As part of the affirmative action

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for adjustment. For example, the regulations decree that one quarter of a day may be spent in each school district developing emergency preparedness curricula, but no allowance is made for the fact that one district may have only one school and another may have 150 schools. Such provisions make it impossible to tailor programs to fit special needs.

Excessive paperwork requirements.

The sheer volume of the paperwork involved in federal regulations with which state agencies must comply is astonishing. EPA rules on air quality programs take up 842 pages in the Code of Federal Regulations. Between July, 1975, and March, 1976, a total of 359 changes and additions to the air quality guidelines were published, and 77 new rules were proposed. Each new regulation must be reviewed to determine if it conflicts with state law or rules, whether state resources are available to comply, and what implementation will cost.

In Wisconsin the paperwork issue takes several forms. State agencies are required to supply the federal

program, the Office of Civil Rights at one point required 14 separate analyses of every employee action on state university campuses. For the University of Wisconsin campus in Madison alone, this amounted to more than 100,000 separate analyses. The final affirmative action plan for the campus took up 16 volumes and roughly 6,000 pages.

Any state using funds under the Federal Water Pollution Control Act must come up with new plans each year, even though the state's programs remain essentially unchanged. This costly, duplicative procedure generally serves no useful purpose. From the state of Pennsylvania alone came a stack of documents five feet high between April 15 and Oct. 1 last year. Pennsylvania had submitted much of the same information in prior years.

Sometimes we spin our wheels hopelessly trying to keep up with Washington. Last April we in Wisconsin received a request from the Federal Highway Administration to report in detail the participation of minorities in state building contracts. As often happens, all of the informa-

tion was in the files of the agency making the request, so we would have been put to an unnecessary expenditure of time and money in order to comply.

In this case, however, we were spared. A week after the request was made, it was canceled.

Another incident involving the Federal Highway Administration defies explanation. When the agency issued new contract provisions, it inadvertently included some of the same language in both the principal

papers, I am told some states have experienced delays in HUD action of up to nine months.

How did it happen?

How did the state-federal relationship come to be such a model of irrationality and inefficiency?

Beginning with the New Deal and continuing through the Great Society era, massive federal programs have been enacted which directly affect the lives of millions of our citizens. Of necessity, the federal government has

federal dollars are used to deliver the services for which they are authorized. But the time has come for federal officials to recognize that state officials also have an interest in delivering services equitably and effectively to their citizens at a reasonable cost—whether those services are funded by the state or the federal government.

Federal officials should continue to monitor carefully the utilization of federal funds. But emphasis should be on the basic goals of a program and not on the details of program administration—details which can't be controlled by the federal government anyway. By eliminating the restrictive, costly web of excessive regulations, federal officials can work closely with individual states to solve particular program-related problems and facilitate—not hinder—the delivery of important services.

A better partnership

With such changes, a new and better partnership can be forged between the states and Washington. The partnership will require that:

- Congress pass laws with clear mandates and goals so states and federal agencies have a precise idea of the objectives toward which they are working.

- Regulations promulgated by federal agencies be limited to carrying out specific charges from Congress and guaranteeing fundamental rights of citizens.

- Administrative responsibility be delegated to states.

- A federal review mechanism be established to ensure that duplications, inconsistencies, and needless requirements be eliminated from federal regulations.

- Federal agencies provide enough flexibility to promote experimentation with new approaches to chronic problems.

To continue the existing federal-state relationship is senseless and irresponsible. Creation of a partnership permitting state flexibility is desperately needed. To do anything less is a disservice to our citizens and a violation of the principles of federalism incorporated in the U. S. Constitution. □

MR. LUCEY last month was nominated by President Carter to be U. S. ambassador to Mexico.

"Clearly, the federal-state relationship is out of kilter, with too much federal emphasis on administrative detail and not enough on genuine leadership."

set of provisions and an accompanying supplement. The agency has ignored a request to eliminate the duplicative pages. In Wisconsin alone we let approximately 250 federally funded highway construction contracts annually. Normally 80 copies are made of each proposal. As a result of the duplication we have to send out many thousands of totally useless pages.

Federal funds are held up by lengthy approval procedures and other cumbersome administrative practices.

States participating in programs authorized by the 1974 Housing and Community Development Act must submit voluminous documentation to the Department of Housing and Urban Development. Extensive cost data, detailed financial statements, and previous participation statements from contracts must be presented. The supporting documents weigh about 2.5 pounds and, because of their size, must be mailed to HUD in a box. We used to be able to send the documents on HUD programs in a regular business envelope.

Even though HUD guidelines dictate a ten-day turnaround on these

had to rely on the states to administer some of the programs.

In fiscal 1975, \$50 billion in federal funding was spent by state and local units of government. That figure represents 21.3 percent of the federal domestic budget.

Yet the federal agencies have refused to give state agencies the flexibility and authority needed to run programs effectively. The federal agencies have issued reams of requirements, with the result that states constantly are out of compliance with federal guidelines. And in the scramble to keep up with federal dictates, picayune matters compete for attention with vital issues. Complying with federal administrative rules receives higher priority than delivering services to citizens.

In sum, tax dollars are squandered, state employees are misused, and services are impeded. The clout and credibility of the federal government have been seriously diminished.

Clearly, the federal-state relationship is out of kilter, with too much federal emphasis on administrative detail and not enough on genuine leadership. Federal officials have a legitimate interest in seeing that

Jobs Versus Jobless Pay

Your article on "Tightening Up Unemployment Pay Rules" [March] was most timely. We commend you for a constructive approach to the problems of unemployment compensation.

I would like to expand, from the perspective of those of us in the unemployment security field, on your reference to the extension of benefits to as many as 65 weeks in some states. That extension, we feel, represents a serious error in judgment.

The issue of extended benefits must be considered in the light of the dual mission of the employment security program. This program was established in 1933 to enroll workers in various government-financed public works projects. The unemployment compensation program was not added until three years later.

Since those Depression years, the state employment service system has been transformed from a mere labor exchange to a computerized, highly professional operation to help employers obtain qualified workers. State employment agencies screen job-seekers to identify skills or potential skills, thereby establishing an eligible list of employees for specific industries.

These job-related activities rightfully have priority with us. They give employers a positive return on the unemployment compensation taxes they pay to finance the state employment services.

At the same time we realize that a significant number of employers have not used the positive services of the employment-security offices because they view those offices primarily as dispensers of unemployment compensation checks.

Our office and nearly all other similar offices in Pennsylvania have employer advisory councils that help us provide a more efficient job service to area employers. I am currently vice president of the local chamber of commerce, where I urge fellow members to use the Pennsylvania State Employment Service.

Many dedicated people in our agency have worked diligently for years to change the unemployment office image and emphasize to employers the job-placement aspects of our work. Those efforts may have been set back years by a single government act extending benefits to the point where the unemployment compensation program borders on welfare.

Many of us in the field believe the answer to high unemployment lies in government actions that increase job opportunities in the private sector, not in extending the duration of unemployment payments.

RICHARD E. WINTERS
Manager
Pennsylvania State Employment Service
Lock Haven, Pa.

Solving the mystery

Re "The Mystery of the Business Graduate Who Can't Write" [February]. As usual, the educational establishment is 20 years behind in reacting to the needs of business.

I was involved in the late 1950's and early 1960's in a management training program that brought together 100 to 150 of the top graduates from schools ranging from cow colleges to the Ivy League.

Most of those young men had one thing in common: They could not express themselves properly in either spoken or written communications.

Remedial English courses for graduate students will do precious little to alleviate the problem. We may find relief when our educators rise from their present level of mediocrity and begin to require that students demonstrate competence as a condition for advancing from grade schools through graduate schools.

KENNETH O. ZEIGLER
President
Able Lighting Co.
Mogadore, Ohio

Obviously, the colleges, high schools, and grade schools should put heavier emphasis on basic English grammar. But grammatical

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rules are all mechanics which should work in the writer's mind by rote.

The real training needed is in thinking and in organization. College and professional-level courses must teach writers to think about why they write and to whom they are writing.

Any written effort needs to follow a logical development in the mind before it goes onto paper.

Unclear writing is the result of unclear thinking. I know this from a dozen years of experience in teach-

ing nearly 300 courses to 5,700 people from government, major industries, small businesses, and academia.

M. D. MORRIS
Communications Consultant
Westbury, N. Y.

While the problem continues in high places of the business world, the cure lies in quite lowly places, the grade schools.

In England, where I was educated, grammar was a factor in grading work in every subject area at every

grade level. That included such subjects as mathematics, science, and home economics.

MARJORIE E. WILSON
Thomas J. Lipton, Inc.
Central Region
Oak Brook, Ill.

The article struck home.

I graduate soon from a university. Writing term papers and reports has always seemed easy to me. The professor in my business writing course has informed me to my dismay, however, that I am deficient in grammar. I am now enrolled in a basic grammar course.

I suggest that businessmen not familiar with proper English usage consider those who must read the letters, reports, and other material those businessmen write.

JOSEPH A. DE PASQUALE
Antioch, Tenn.

You state that "a sentence must have a verb."

Nonsense. (No verb.)

"Fowler's Modern English Usage" says that "since the verbless sentence is freely employed by some good writers . . . it must be classed as modern English usage."

FRANK T. BENICK, JR.
Augusta, Ga.

I am amazed that anyone should conclude that graduate schools should teach basic writing. Our entire educational system is to be condemned for allowing any student to enter a graduate school if he does not possess basic writing skills.

The fault lies locally with a junior high school that allows students to ignore spelling, sentence structure, paragraphing, and neatness in written work.

We are the victims of a school system that teaches only what the students consider fun courses. We don't have the guts to demand competence before granting a high school diploma.

HUGH H. MCCREERY
District Manager
The Ohio Brass Co.
Prairie Village, Kans.

"Outstanding" article

The article about George C. Foerstner, founder and head of Amana Refrigeration, Inc., ["Lessons of Leadership—Figuring Out What Consumers Want," February] was certainly outstanding. I think it

continued on page 74



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Inspiring Public Confidence in Private Enterprise

William K. Eastham, new board chairman of the Chamber of Commerce of the United States, is a successful businessman who wants business to have greater success in its relationships with government, employees, and the general public

WHEN William K. Eastham joined Johnson Wax in 1964 as vice president of marketing, a lively debate was going on within the company. Should it change its name from Johnson Wax, by which the public had known it for so long, to just Johnson?

A lot of other companies were changing their names as they expanded product lines and added functions.

Mr. Eastham told his new colleagues: "I know what your name stands for with consumers. They know you, and they respect your products." And so, Johnson Wax is still known as Johnson Wax. Already the world's largest manufacturer of wax products and one of the largest privately owned companies in America when Mr. Eastham joined it, it has grown in the years since.

Growing responsibilities

Bill Eastham's responsibilities with the company have grown, too. He is now president, the second non-Johnson family member to hold the presidency in the firm's 90-year his-

tory. This month Mr. Eastham, 59, also becomes chairman of the board of the Chamber of Commerce of the United States.

During his year as chairman, one of his goals will be to try to enhance the environment for business both at home and in global markets.

The American businessman "is creative," Mr. Eastham says. "He has always solved his problems. He'll tell you: 'If the other fellow operates under the same rules, the same conditions, I can compete with him.'"

Began in banking

Bill Eastham is a marketer, but he began his business career in banking. Born outside New York City on Long Island, he went to work in a bank right out of high school. The Depression had cost his father, once an all-England soccer player, his business. His own ambition of becoming a college athlete had been scuttled.

"I took courses related to banking at the American Institute of Banking at night when I was working in the bank," he says. "Functional courses,

you know, in tandem with my very high-class daytime banking career as a messenger, a clerk, things like that."

He joined New York City's National Guard Seventh Regiment before World War II, was federalized into service, and went from enlisted man to captain during the war. He served most of the war in Europe with Gen. George S. Patton's Third Army. Bill Eastham was one of a dozen men in a select forward unit which worked to coordinate Gen. Patton's freewheeling tank columns and the 19th Tactical Air Force during the Third Army's frenzied sweep across France and Germany. "One of my best weapons," Gen. Patton once said of his little group of air-ground coordinators.

Career changes course

Mr. Eastham married his pretty sweetheart while in service and came back to Long Island after the war. But to marketing, not banking.

"I went to New York University at night, studying marketing, and I worked in marketing during the



day," he says. "I threw in a couple of literature courses, but it was mostly functional education, not horizontal. I never got a degree."

Bill Eastham started his marketing career with American Home Products, in its Whitehall Drug Co., as a "detail man," calling on physicians and dentists.

He moved up to become an assistant in the advertising department after three months.

Five years later he moved to Lever Brothers, but he rejoined American Home nine years later as assistant to the president.

Joining Johnson Wax

He was executive vice president of American Home's Boyle-Midway household products division when Samuel C. Johnson, chairman of S. C. Johnson & Son, Inc. (Johnson Wax's formal corporate name), invited him to join Johnson Wax in Racine, Wis.

Deciding to uproot his family from their familiar surroundings on Long Island was "just about the most difficult decision I ever had to make," Mr. Eastham says. "I had grown up there, and New York was a great business city. But Sam Johnson seemed to be an associate I could relate to, and there was an immediate respect and mutual trust."

Mr. Eastham talked the move over with his wife, Dorothy, and his two daughters, Nancy and Gale. The decision was made.

Keen interest in people

On Long Island, Mr. Eastham was an avid horseman. When he moved to Racine, he brought his horses, but he soon found a new outside interest, golf. Golf was a natural for him because of his interest in meeting new people.

"I'll bet Bill knows more people in this company, in all phases of it, than I do, and I've been here 20 years longer," one associate comments.

But Mr. Eastham is still very much a private person. A company public relations official told a reporter who was trying to get a detailed biography: "He has the only copy, and he's not very much on handing it out."

At his office in a headquarters building designed by Frank Lloyd Wright, Mr. Eastham works at a piece of furniture of his own design,



The new National Chamber chairman and his wife, Dorothy, have been married 35 years. She has helped him make big decisions.

one which combines the functions of a desk with those of a conference table. At one time, all of the furniture in the building was also designed by architect Wright, including chairs designed to keep you from crossing your legs or slumping.

Concern for employees

Slumping isn't a worry for Mr. Eastham, a physical fitness enthusiast who runs daily and frequently works out in gyms. He was instrumental in starting a company physical fitness program, and he makes a point of encouraging executives, in particular, to participate.

"We have great facilities in the community to help you keep fit," he tells them. "And you'll have a sense of well-being as a result of being physically fit."

This concern for the well-being of employees is a tradition at Johnson Wax. Founded by Samuel C. Johnson, great-grandfather of the current chairman, the company originally was not a maker of wax, but of parquet flooring. The shift to wax came in response to customer demands for a product to care for Johnson floors.

A "prepared paste wax" was the forerunner of a host of products that now flood from Waxdale, a 1.5-million-square-foot factory complex on a 390-acre site six miles west of the company's administration center.

The company has 40 associate companies overseas and seven manufacturing distributors.

It markets more than 200 items, including household waxes and polishes for floors, furniture, appliances, paneling, and woodwork; wall and multisurface cleaners; insecticides; air fresheners; and laundry, personal care, and automotive products.

Also, it produces a line of maintenance items in the institutional and industrial fields, and it is heavily into leisure-time activities through a division that has 14 associate companies and makes everything from fishing reels to backpacks, canoes, and tents.

Experience overseas

About half of the company's sales come from overseas operations.

For 18 months prior to his taking over the presidency in 1972, Mr. Eastham had duties which ordinarily are held by two Johnson Wax executives. He was executive vice president for both European-African operations and U. S. operations.

"I got it down to a fine art," he quips. "I would spend three weeks in Europe and two weeks in the U. S."

Mrs. Eastham adds, with a laugh, "And when they told you to come back and be president, I said, 'You go, I'll stay.'" Mrs. Eastham says

that she "loved living in London."

Home for the Easthams now is a house in Racine and an apartment on Siesta Key near Sarasota, Fla., from which you can watch the porpoises play in the Gulf of a winter evening.

Public confidence

Although Johnson Wax products are instantly recognized, the company has traditionally had a low profile. Its decision in June, 1975, to completely stop using fluorocarbons in its aerosol products suddenly gave it more public visibility. The company announced the decision with nationwide advertisements.

"We had been moving away from fluorocarbons long before an environmental controversy developed over them," Mr. Eastham says. "There had been growing public concern and confusion in the consumer's mind over the effect of fluorocarbon propellants on the environment. Even without the conclusive scientific evidence, we decided to eliminate the fluorocarbons from the few products that contained them and advise consumers of our actions. We wanted to assure our consumers that they could use Johnson Wax aerosol products with confidence because these products no longer contained fluorocarbon propellants."

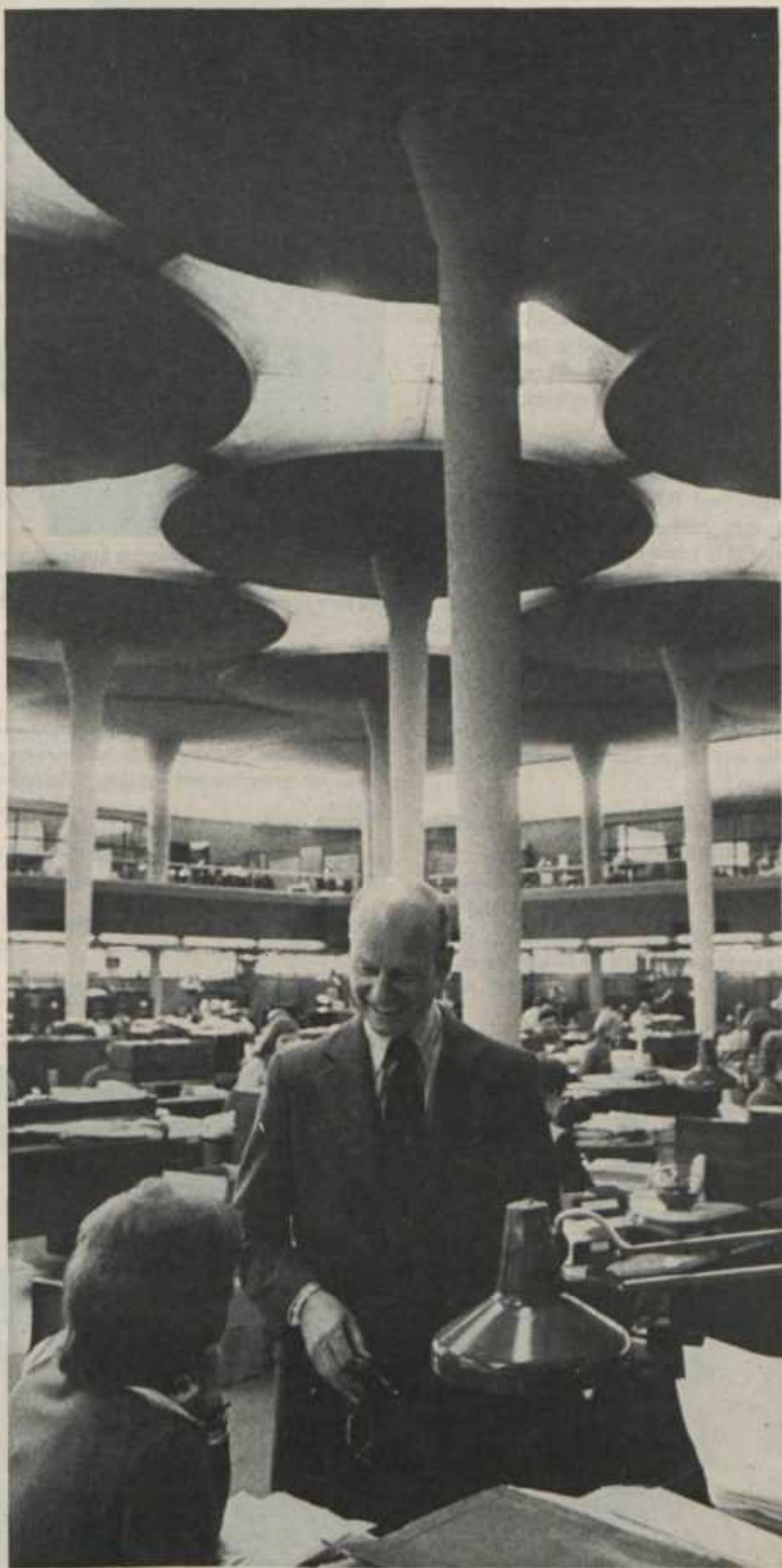
Confidence is something Mr. Eastham believes business must inspire in all of the publics with which it deals. In this NATION'S BUSINESS interview at Johnson Wax headquarters, he talks about the business environment as it affects his company and all business.

What do you hope to accomplish in your term as chairman of the National Chamber?

I would like to see if we can find some way to reverse the setbacks the business environment has been encountering for years now. If you ask people, "What do you think of business?" you don't get a very positive response these days.

Polls show public confidence in business declined from 69 percent favorable in 1969 to 15 percent last year, although many individual companies in this same period retained excellent confidence ratings from consumers who buy their products.

My company has found it has retained more than an 80 percent confidence factor with the people who



Frank Lloyd Wright designed the administration building at the worldwide headquarters of Johnson Wax in Racine, Wis. The Great Work Room, as it is known, dominates the interior of a distinctive tower structure that has become an area landmark.

buy its products, and I know several companies which have continued to rate just as high during this slide of overall confidence in business.

Generally, however, questions that seek views on institutions, whether they be government, church, education, or business, seem to lead to negative answers.

If businesses will recognize they have all sorts of opportunities to take voluntary action that will improve their relationships with their publics, including their own employees, I think the business environment will improve.

Also, one of the significant problems facing business is that it has not organized itself to the degree where it can take collective positions so that it is more of a force in politics.

There are many places where business can speak out. It should use forums such as the National Chamber and state and local chambers.

I hope we in the National Chamber can do an even better job of speaking out in behalf of business. We will have many opportunities to do so.

How do you view business's relationship with government?

I hope government will recognize the role business plays in the free market system in enabling us to have the standard of living we enjoy. I also hope government will recog-



"If we are to ensure a favorable business environment," says Mr. Eastham, "we must work together to explain our positions more clearly and convincingly, not only to decision-makers in government, but to the general public as well."

nize that we are being damaged from a competitive point of view in many international markets by some actions of government in the United States.

As for business, I don't think it is keeping open well enough its lines of communication with government.

How do you feel about regulations to protect the consumer?

I think the 217 million consumers

in the country are wiser in making choices in the market than any small group of people in Washington or in any other location.

The consumer is eventually in control of the markets, so there is no question that business must satisfy the consumer. The market enterprise system in consumer goods consists of a continuous display of products the consumer may buy. Once the consumer chooses not to buy a product



First names are used at Johnson Wax, even for top executives. The president is "Bill" in the cafeteria as well as in the boardroom. The company, originally a maker of flooring, shifted to wax to meet demand for a product to care for its floors.



Tenneco posts record results; all eight major businesses make gains.

SUMMARY

OPERATING REVENUES

	1976	1975
	(Millions)	
Oil and Gas Production, Refining, Marketing	\$1,615	\$1,451
Natural Gas Pipelines	1,488	1,214
Construction and Farm Equipment	1,334	1,229
Automotive Components	376	302
Packaging	449	373
Chemicals	437	349
Shipbuilding	688	613
Agriculture, Land management	194	178
Investments	10	20
Intergroup Sales	(168)	(99)
Total	\$6,423	\$5,630

NET INCOME

\$ 384 \$ 343

PREFERRED AND PREFERENCE STOCK DIVIDENDS

24 29

NET INCOME TO COMMON STOCK

\$ 360 \$ 314

EARNINGS PER SHARE OF COMMON STOCK:

Average Shares Outstanding

\$ 4.33 \$ 4.15

Fully Diluted

\$ 3.92 \$ 3.63

AVERAGE NUMBER OF SHARES OUTSTANDING

83.0 75.6

CAPITAL EXPENDITURES

\$ 613 \$ 545

TOTAL ASSETS

\$7,177 \$6,584

RETURN ON AVERAGE COMMON STOCKHOLDERS' EQUITY

16.0% 16.1%

YEAR END DIVIDEND RATE

\$ 1.88 \$ 1.76

When all eight of the major businesses of a highly diversified company like Tenneco increase both their revenues and earnings in the same year, the diversification strategy has proved to be unusually sound.

And that's what happened in 1976. So that Tenneco, working on a base of five consecutive record years, produced a sixth.

Revenues up, net income up, fully diluted earnings per share up, primary earnings per share up.

Revenues went to \$6.4 billion in 1976, up from \$5.6 billion in 1975. Net income rose to \$384 million, from \$343 million in the previous year.

Earnings per share on a fully diluted basis were \$3.92 for 1976, compared with \$3.63 in 1975. Primary

earnings per share increased to \$4.33 in 1976, versus \$4.15 in 1975. And the annual common stock dividend was increased for the fifth straight year, from \$1.76 to \$1.88.

Our businesses are fundamental to the economy. And our growth has been solid and has placed us in a strong competitive position in all our markets.

Most important of all, the company continues to invest major amounts for modernization and internal expansion. Which means that Tenneco is poised to continue its growth performance.

For more facts and figures on Tenneco's 1976 results, write: Tenneco Annual Report, Section N2, P.O. Box 2511, Houston, Texas 77001.

TENNOCO CHEMICALS TENNESSEE GAS TRANSMISSION TENNOCO OIL PACKAGING CORP. OF AMERICA
TENNOCO WEST J. I. CASE WALKER MANUFACTURING NEWPORT NEWS SHIPBUILDING

Tenneco

over a period of time, that product is out.

In many consumer goods markets today there are multiple choices for a consumer to make. Only the products that meet the buyer's expectations are going to survive.

Manufacturers make a big mistake when they try to sell something that they have decided is good for the consumer, rather than something the consumer wants.

Has Johnson Wax made mistakes in launching new products?

Oh yes, we've had some unexpected learning experiences. Fortunately, though, our overall experience has been good.

Why?

One reason is a basic philosophy in our company. Any new product we launch must be demonstrably superior to competition. It must also be proved out by market research before we will allow it to be test-marketed. We pay close attention to what the consumer says he or she wants in a product.

Also, we are keen on research and development. We have almost as many people in R&D as we do in our sales force.

International operations has been one of your company's fastest growing areas, hasn't it?

Yes. In the past 15 years we have established 21 new associate companies overseas. In fact, 57 percent of our employees are now in overseas operations.

Do you see this growth continuing?

Yes, especially in those parts of the world where our markets have not matured.

As a privately held company, you do not release financial statements. One published report, however, estimates the company's sales at \$750 million last year. Is that figure accurate?

Whenever we hear a figure that's within \$50 million of being accurate, we don't quarrel with it.

There is much concern about the rate of unemployment in the nation. Can business alone provide all of the needed jobs?

If government-controlled forces affecting business success, such as the money supply and tax policy, create an environment conducive to investment and expansion by the business community, then business can do its part in supplying jobs.

One thing government can do to help businesses create jobs is to make it easier to increase exports and expand our worldwide markets.

A number of governments in other countries are supportive of their businesses moving into foreign markets.

The example most often used is Japan, where the government will work out some form of support of a business as it moves into the United States, Europe, or wherever the big markets are.

We taught the Japanese the western way to do business, and they now have outwesternized us because their government works in concert with business. We need a little more of that in this country.

Are you optimistic about achieving this kind of working relationship between U. S. business and government?

Yes, but how soon it will come, I don't know.

Overall, are you optimistic about the future of American business?

I am very optimistic because the men and women at all levels who contribute to the success of American business have demonstrated over and over again that they can meet the challenges of a changing business environment.

Some people say American business should boycott South Africa, others say boycott communist nations, and so on. As president of a company with extensive international involvement, what do you feel about this sort of suggestion to combine politics and economics?

The South African question came before this company five years ago. We sent to South Africa an executive who is not involved in our operations to talk to government officials, to our factory people, and to people representing the point of view of blacks.

They all said: "Please stay down here." They liked the way we did business, because we recognized that people are people—our wages are similar for white or black people in South Africa.

This response has been confirmed by Dr. Jerome Holland, the former U. S. ambassador to Sweden and consultant to the Johnson Wax company. He made a trip to South Africa and came back with the same message about our operations there. He said: "They like you there, they want you there. If people such as you pull out, then it gets worse."

You spoke of the view of a small



Mr. Eastham is a physical fitness enthusiast who runs daily and works out in gyms. His company has a physical fitness program that he was instrumental in starting.

How to Achieve Total Financial Freedom In 1977

"Millionaires Are Not 100 Times Smarter Than You, They Just Know The Wealth Formula."

We've never met and probably never will, but I think we share a common interest. That interest is in achieving complete and total financial freedom.

Because of this common interest, I think we can be of great help to each other. You see, a little over twelve months ago my net worth reached the magic million dollar mark, and it only took me 48 months to achieve that.

That might not impress you, but if you had seen me four years ago, you might wonder how I did it. I lived in Denver then, in a cramped, tumbled down house at 2545 South High Street. My wife was expecting our second child and we were so broke we had to borrow \$150.00 from a relative just to buy food and pay the rent.

By the way, I know I didn't make a million dollars because of my superior intellect — I barely got through Ames High School (Ames, Iowa) with a C average and I think that if you'll stop and think, you'll realize and agree, there is not a single millionaire that is 10, 20, or 50 times smarter than you, or that works 10, 20, or 50 times harder or longer than you.

Now, how can we help each other? I am willing to share everything I have learned and know that would help and guide you to achieve your own financial freedom and independence. But the only way I would ever give you my secrets, methods and formulas is if I benefit also. Because as you will find when you reach your ultimate financial goals, you really don't want to stop there but you are motivated to go and make more. It seems that most people who are charging for financial advice have studied how to "do it" but have never actually "done it" themselves. You will find as you read my formulas, that since I have actually achieved total financial freedom myself, that you will receive from me more than just the motivation to achieve your own financial independence, but a workable step by step plan to actually do it.

You may have seen part of my formulas described in various publications, such as the November edition of *Nations Business*, page 69. This work is entitled *How To Wake Up The Financial Genius Inside You*. The various formulas contained in the volume will show you exactly how you can do each of the following:

- buy income properties for as little as \$100 down.
- begin without any cash.
- put \$10,000 cash and more in your pocket each time you buy (without selling property)
- compound your assets at 100% yearly.
- legally avoid paying federal or state income taxes.
- buy bargains at one-half the market value.

If you apply these formulas and methods you will find in a very short time, you will be able to spend three weeks out of every month doing anything you care to do, and I think, at

that time, you will find as I have, that spending several weeks on the beaches of Hawaii, or on the ski slopes of Colorado, or just sightseeing in Europe, or any other place in the world, you begin to understand what real freedom is all about.

Most people think that it would be impossible to do some of the things listed above. For example, to buy a property, and at the same time put \$10,000 (or more) cash in your pocket without selling the property, or to buy a property with little or no cash down.

Believe me, it is possible and fairly simple. This is exactly how most wealthy people actually do make 10, 20, or 50 times more money than you do.

These formulas of mine do not have to be used with income properties only. They actually can be applied to virtually any asset.

While I was struggling on making my first million, I often thought how nice it would be to have the personal advice and counsel from someone like Howard Hughes or J. Paul Getty.

What would I have been willing to pay for this service? I can tell you one thing for sure, it would have been a lot more than the \$12.00 that I'm going to ask you to invest in your financial future.

What will this \$12.00 actually do for you? It will give you a complete step by step plan that you can follow to become totally and completely financially independent.

Please try to understand my dilemma. I'm not a New York advertising agency, with all their professional skill and manpower to write a powerful and persuasive ad to convince you that I can make you financially independent. I am just somebody who has actually 'done it', and can really show you how to 'do it'.

What would you do, if you were in my shoes. You have in excess of \$1,000,000 net worth, you have a desire to share your formula with others, because you not only have a simple, honest and workable method whereby others too can enjoy the riches of this land, but you also want to benefit and make money from sharing this information, so you can continue to grow financially.

I think you might do what I'm doing — that is to write a simple open letter to the type of people who share similar goals as mine asking them to try the formulas for themselves, to see if they work as well as the claims described. Because, I know, as you would know if you were in my shoes, that if I can just convince you to test my formulas and methods, you will see for yourself that they will work as easily for you as they did for me.

It's really quite frustrating to have something so valuable as I know I have, but lack the skill to convince people to try it for themselves. I hope by my simple, direct approach, I can convince



Mark O. Haroldsen
Millionaire in 48 Months

you to try my formulas.

It seems the majority of the people in our rich country lose, not because they lack intelligence, or even will-power, but because of procrastination, or lack of action — please don't be like the masses. Make a decision while you have this paper in your hands. Make a decision now to either act now and send for my material or immediately round file this paper. If your decision is to subscribe, do it now, not later. Otherwise, you may lose, just by default.

To order, simply take any size paper, write the words "Financial Freedom Package", and send it along with a check for \$12.00 to Mark O. Haroldsen, Inc., Dept. E-674, Tudor Mansion Bldg., 4751 South Holladay Blvd., Salt Lake City, Utah 84117.

If you send for my material before the end of June, 1977, I will also send you documents that will show you precisely how you can easily borrow from \$20,000 to \$200,000 at 2% above the prime rate using just your signature as collateral.

Mark O. Haroldsen

P.S. (If you are still somewhat skeptical, and believe me, when I started out I certainly was, because of the many people in the world trying to deceive others) I would encourage you to postdate your check by 30 days, and I promise and guarantee that it will not be deposited for at least those 30 days, and if for any reason you do not think that what I have sent you lives up, in every aspect to what I told you in this letter, send the material back, and I will quickly, without question, refund your money and send back your own uncashed check or money order. Also, if you would like to check a few of my references, I have listed some below.

Tracy Collins Bank & Trust, 4707 S. Holladay Blvd. Salt Lake City, Utah, Attn: Beverly Smith, Assistant Manager.

Charles Huber, C.P.A., 1850 Beneficial Life Towers, Salt Lake City, Utah. 801-531-8286.

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businessman. Can the voice of the small enterprise be heard on the problems affecting business today?

Yes, more so than ever before. If a small businessman wants to speak out, he will be heard. A good vehicle is his hometown chamber or some other local business association.

If the National Chamber is to fully develop its potential for influencing national policies, it is essential to present positions which are derived from the beliefs of the many rather than the few.

The true strength of the National Chamber depends on the participation and support it receives from its diverse membership in grass-roots communities throughout the country

where the small businessman prevails.

You have been called an executive who welcomes change. Is this true?

Change continually offers us challenges in our personal lives and careers. It gives us chances to grow by adapting to ever-changing conditions. If you like what you do, you aren't afraid of change.

We reorganize our company to some extent every year and a half or two years. We reorganize to meet new challenges or to find better ways to do things.

What type of reorganization has taken place at Johnson Wax?

Most recently, we have established

a partner concept in an office of the chairman to improve communications and decision-making among our management around the world.

Could you explain this partner concept?

Actually, my role with the National Chamber is partly responsible for our adopting it. When I was asked to become vice chairman, I knew the ladder could lead to the chairmanship. I talked things over with Sam Johnson, our chairman, and he encouraged me to accept the vice chairmanship. But I knew that, if I was to do the job, it would take a good deal of my time. I would have to drop some things here.

We already had been thinking of

Others in Positions of Special Responsibility

Shearon Harris, chairman of Carolina Power & Light Co., Raleigh, N. C., is the new vice chairman of the Chamber of Commerce of the United States.

Mr. Harris has been a director of the National Chamber since 1972.

He is a graduate of Wake Forest University and joined Carolina Power & Light in 1957 as associate general counsel. Prior to that, he practiced law in Albemarle, N. C. He and his wife, Helen, are the parents of three daughters.

Herbert S. Richey, president and chief executive officer of The Valley Camp Coal Co., Cleveland, and immediate past chairman of the National Chamber, is new chairman of the National Chamber's Executive Committee.

Robert T. Thompson, senior partner in Thompson, Mann, and Hutson, Atlanta, is treasurer of the National Chamber.

Regional vice chairmen are:

Paul A. Batcheller, chairman of Zip Feed Mills, Inc., Sioux Falls, S. D.

Robert F. Erburu, president of The Times Mirror Co., Los Angeles.

Wilbert F. Newton, vice president, corporate marketing, of PPG Industries, Inc., Pittsburgh.

Russell H. Perry, chairman and

chief executive officer of Republic Financial Services, Inc., Dallas.

Tom B. Scott, Jr., president and chief executive officer of UNIFIRST

Federal Savings & Loan Association, Jackson, Miss.

Jay VanAndel, chairman of Amway Corp., U. S. A., Ada, Mich.



The new vice chairman of the National Chamber is Shearon Harris, chairman of Carolina Power & Light Co., headquartered in Raleigh, N. C. An attorney, he joined his company in 1957 as associate general counsel.

Will your line of credit be there when you need it?

You've been careful. Prudent. You've spent long hours negotiating a line of credit. After all, you may have to rely on your full line someday.

And that could be the day your lender is feeling conservative. Bingo! You're told your line isn't there anymore. It's been cancelled.

It could happen.

Did you know that many lines of credit are really only letters of intent? Letters that can be cancelled? And often are when the going gets rough. For you or the lender or the economy.

When you do business with Commercial Credit, you get a solid line of credit. You'll find we don't back away from a commitment.

And we won't tack on extra fees and hidden penalties that can boost your interest rate way up beyond what you think you're paying. You don't get charged costly audit or non-refundable commitment fees. No draining compensating balances. We won't charge full-term interest for part-term loans.

And we won't hit you with a floater (whereby you aren't credited interest until well after your checks clear).

If we make a partici-

pation loan with your bank, we'll tell you the interest rate each of us charges. Many lenders quote an average rate.

We don't dawdle while your money needs go unmet. Very often, the entire transaction can be completed within 5 days.


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There are many more reasons to consider Logan County and Sterling, its principal city, when you're considering expansion or relocation. To get them, just mail the coupon.

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Denver, CO 80203

Please send me complete information about opportunities for my company in Logan County, Colorado.

Name _____
Title _____
Company _____
Type of Business _____
Address _____
City _____
State _____ Zip _____

the office-of-the-chairman style of management as a way of improving communication in this worldwide company. The idea is being used elsewhere. We decided to adapt it to our own needs.

There are now six of us in the office of the chairman who act as partners in running the business. We each have our own specific responsibilities, but we work as a team.

All the "partners" are located on the same floor of our administration building. Communication is better, and if one of us is out of town, another of us can make the decision. Also, shifting around some of the things I do has enabled other people to have new opportunities. This is a help in forming a new generation of top management.

Some executives don't like to give up any decision-making authority. Do you?

I don't mind. You acquire new responsibilities and shed others all the way up the line in a business career or any other kind of career. If you have confidence, you don't worry about things like that.

The climate in this company makes it easy to realign duties or to reorganize as necessary. I think this is a great tribute to the Johnson family and the officers who have run this company over the years.

Do you fret much once you make a decision?

No. I make decisions fairly quickly. Some of them are going to be wrong, but once they are made, we go on from there.

A good organization helps you make decisions by providing the information that will serve as the basis for options to be considered.

You mentioned giving your executives new opportunities.

This is very important, I believe. If you are careful to select capable people and if you provide them with opportunities to grow, then you won't run into difficulty because they are frustrated or—worse—overly protective of turf they think they have to hold.

The individual still counts in business?

That's certainly the feeling in this company, from the chairman right

on down the line. Our employee isn't the only individual we are concerned about. The family is also very important. Without the support of the family, a person can't really do a good job. Many people may think executives feel the company always comes first, but I believe the family comes before the business.

When executives travel on overseas assignments, their spouses should sometimes travel with them—at company expense. Then, if the executive talks of places he has been, problems he has encountered, and people he has dealt with, the family has a better insight into what his work is like. There is a better understanding in every way.

Concern for people seems to be a basic philosophy of both yourself and the company.

It is. When the company was very small, right after World War I, a profit-sharing plan was installed. The Johnsons and the management wanted people who had a part in the firm's success to share the rewards.

We believe that a business runs better if management sits on the same side of the table with the employees. So we should not allow adversary relationships to develop.

Even though we are nonunion, we have grievance procedures, posting of job openings, and many other employee communication aids. We try to do things from an employee point of view. We have flexible working hours, and we take opinion surveys to get the ideas of our employees. In short, we try to keep the lines of communication open in both directions.

In your new role as National Chamber chairman, I take it, you would like to see business speak out more effectively on matters of concern to the business community.

I think that it is imperative for people in business to become better communicators. To do this, we should also become better listeners. If we are to ensure a favorable business environment, we must work together to explain our positions more clearly and convincingly, not only to the decision-makers in government, but to the general public as well. □

REPRINTS available. See page 68.

PHASE 1

**An important
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Economics for Young Americans

What teenagers learn today affects the way they will think and vote tomorrow... their reactions to the business community... how productive they will be in their jobs. To help secondary school students get a better education in basic economics—and make such subjects as profits and productivity more interesting—the National Chamber developed a total learning program, "Economics for Young Americans."

This program's Phase I kit has proved so successful in classrooms that business people have sponsored more than 9,000 of the kits for distribution throughout the country and to schools overseas. What makes this kit such a favorite educational tool? It uses a multimedia approach to provide the information and background for lively and worthwhile classroom discussions: filmstrips, scripts, tape cassettes, master activity sheets, and a teacher's guide developed by teaching professionals. Kits are \$35 each.

There are still areas where more "Economics for Young Americans," Phase I, kits are needed. For information, contact:



Robert H. Moxley
Project Director—Economics for
Young Americans
Chamber of Commerce of the United States
1615 H Street N. W., Washington, D. C. 20062

I am interested in sponsoring _____ kits
@ \$35 each for _____ (county),
_____ (state).

I would like more information about "Economics
for Young Americans" _____

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Organization _____

Street Address _____

City _____

State & Zip _____

How Students React to Government Regulation

GOVERNMENT regulation may be vexing to businessmen, but it is a subject of fascination to students at the University of Oregon's College of Business Administration.

A series of lectures on the subject proved so popular that the college is designing a permanent course on government regulation that will be offered to all senior business students.

The idea for the lectures originated with Pacific Northwest Bell Telephone Co. Several companies, along with state and federal regulatory agencies, joined the effort. Each offered speakers, enough to provide two a week for 11 weeks.

No dropouts

The lectures were a success. Twenty-six seniors signed up, and there wasn't a single dropout.

"At first some members of the faculty were concerned that Pacific Northwest Bell's vested interest in regulation would bias the course," James Koch, assistant professor in management, recalls.

"As it turned out, the company has gone out of its way to bring in people who represent a balance of views. Since we don't have the resources as a college to undertake a course of this kind, it would not have been considered without the company's willingness to help."

Mr. Koch told NATION'S BUSINESS that the college is pleased with student reaction to the instruction on government regulation.

Active roles

"As future businessmen and businesswomen, the students feel they will have to have input in government regulations as the regulations are being formed," he says. "Most of the students came away from the lectures determined to be more active in this area than they might have been otherwise."

Lecturers were provided by the Crown Zellerbach Corp.; the U. S. Equal Employment Opportunity Commission; Jantzen, Inc.; the U. S.



Don Gunderson, a Pacific Northwest Bell vice president and president of the Portland Chamber of Commerce, speaks to students about regulatory problems.

Forest Service; Southern Pacific Communication; Mattel, Inc.; the Consumer Product Safety Commission; the Oregon Department of Environmental Quality; Weyerhaeuser Co.; the Oregon Workmen's Compensation Board; the Oregon Occupational Safety and Health Administration; and Pacific Northwest Bell.

Too much for one person

The regular course on government regulation which is now being designed will be taught by a faculty member, Mr. Koch says, but will draw on guest lecturers from business, labor, and government.

"The whole field of government regulation is evolving so rapidly that no single faculty member is in a position to keep abreast of all the developments," he explains.

He says the interest shown by the students, who are keenly aware of the complexity and magnitude of government regulation, dictates that such a course be made permanent.

Peppered with questions

"We need more courses like this," is a typical student comment, Mr. Koch says.

M. K. Jordan, public relations manager for Pacific Northwest Bell,

helped arrange the guest lectures and sat in on several sessions. He says the students peppered company and government spokesmen with questions about equal employment opportunity and regulations of the Oregon Occupational Safety and Health Administration.

"For example, a state OSHA official had scarcely finished his opening remarks when the students began firing questions," Mr. Jordan says. "The questions went on for the next hour and 20 minutes."

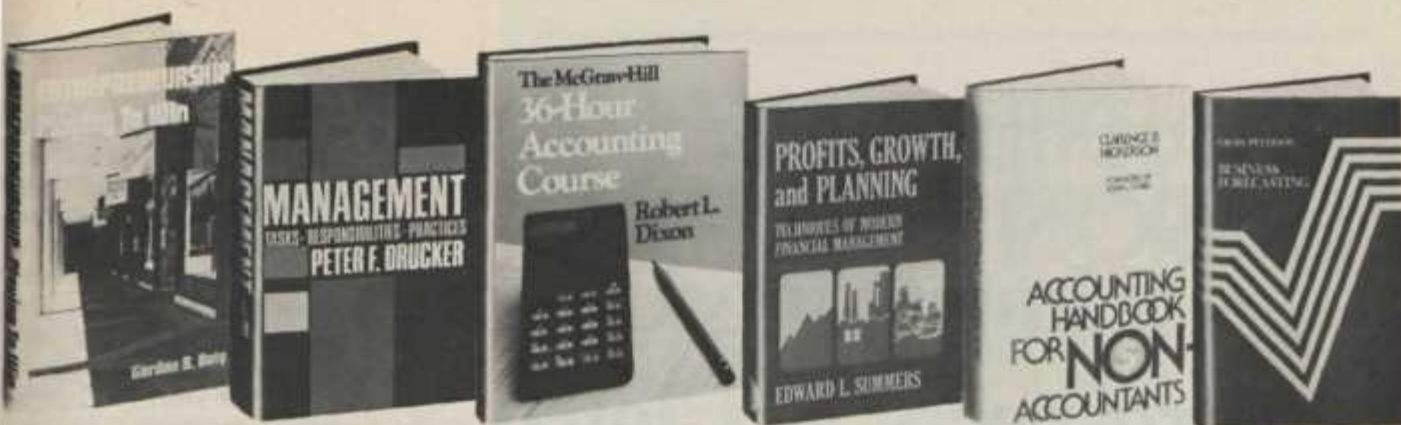
"The students were particularly concerned with the effect of government regulation on business and what benefits, if any, business gets from regulation. There were challenges to several government officials on why their agencies are constantly trying to broaden themselves."

"Very rewarding"

Mr. Jordan sums up:

"This has been a very rewarding experience for the students, the faculty, and the companies and government agencies that participated."

"I know that the students appreciated the opportunity to hear directly from people who deal daily with the problems of government regulation." □



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Improving U. S. Prospects in Global Competition

By Roger E. Anderson

World trade has expanded tremendously in past decades, and more expansion is ahead. What must America do to enable its business people to keep up with foreign competitors?

THE IMPACT of exports on jobs is a subject of growing importance as interdependence between nations becomes an increasingly evident fact of life.

World trade has multiplied more than tenfold in past decades. It rose from \$76 billion in 1951 to \$800 billion last year.

The takeoff point for this unprecedented expansion of world trade might well have been the Harvard commencement in June, 1947, where Secretary of State George C. Marshall made his speech that launched the Marshall Plan. Under this plan, production of the participating countries in Western Europe was increased by 55 percent, the foundation of the Free World's postwar recovery was laid, and the cornerstone of today's European Economic Community was put in place.

Jobs outpace population

Then, as now, there were fears that our exports of capital goods and technology would stimulate productive capacities abroad to the point where we might someday regret it because of loss of markets to foreign competitors and jobs to foreign workers.



Mr. Anderson is chairman and chief executive of Continental Illinois Corp. and its principal subsidiary, Continental Illinois National Bank and Trust Co. of Chicago.

Critics, however, overlooked the stimulative effect of these exports on our own productive capacities. We did, in fact, lose some markets and jobs, but these have been more than made up for in new and expanding

employment and markets for America.

Our total employment, in an expanding population, has increased by more than 50 percent since the launching of the Marshall Plan, while our total population has increased by less than 45 percent. We have gained one job for every two jobs we had, at a rate of more than a million new jobs per year.

An increasing number of jobs in American commerce and industry is attributable to exports, and agricultural exports have contributed increasingly to sustain employment in farming, where the total number of jobs has been declining.

Favorable trade balance

Manufactured products, and particularly technology-intensive capital goods, have been the mainstay of our merchandise trade balance, which has been favorable to the U. S. in all but four of the past 30 years.

Those deficit years—1971, '72, '74, and '76—might give us pause. So might the fact that our merchandise trade balance plunged from an \$11 billion surplus in 1975 to a deficit of \$5.9 billion in 1976. Trade deficits should concern us, but we should recognize that one country's surplus is another's deficit. To work well, world trade must work for all, and the goal of all must be trade balance over a period of time.

On balance, over these many years, we have fared well.

Exports spur GNP growth

Our gross national product has risen from less than \$500 billion to more than \$1 trillion in real terms.

Our exports have helped stimulate and have more than kept pace with this growth, increasing from five percent of our GNP in 1948 to almost eight percent last year.

By any overall measure, the unprecedented expansion of world trade which our country launched with the Marshall Plan has been good for us and for the world. This expansion gives us reason to be optimistic about the future—but only if we pay attention to our country's long-term best interests in the world at large.

We are now on the way to a world in which food will be grown and goods will be produced wherever the job can be done most effectively—

without regard to trade barriers and narrow restraints. Thus we are engaged in a global competition—not only with other countries for jobs and markets, but among all countries for resources and resourcefulness.

The role of bankers

The American banking industry has been very much a part of this global economic expansion. We have helped American farms and factories expand their productive capacities. We have helped American and foreign companies expand their operations, and we have expanded our own operations around the world to serve them.

We have fostered international trade and investment, helping to promote a world economy where all may do what they do best and benefit from the proficiency of others.

With trade expectations continuing to rise worldwide, I am concerned to see any part of the world's productive capacity losing ground. I am particularly concerned about America in four areas.

Weakening energy producers

How have we responded to the energy crunch? We imposed price controls, which distorted normal economic incentives for producers to produce more and consumers to consume less. Our consumption of and dependence on imported oil have increased, while our domestic production has declined.

As though the challenge of meeting our nation's energy needs were not enough, our energy producers have been confronted with a long list of obstacles and uncertainties, such as legislative moves to restructure the oil industry. Instead of encouraging America's energy producers and strengthening them to attract the tremendous capital investments that their task requires, we sometimes seem determined to discourage and weaken them.

Concern over research

Research and development is another area of concern. The United States has not been keeping pace with the growth and relative importance of R&D efforts of some of its major industrial competitors, particularly the West Germans and the

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Japanese. From 1967 to 1973 our total R&D expenditures grew at an average annual rate of 4.6 percent, while West Germany's grew at a rate of 15 percent and Japan's at a rate of 21 percent.

Most other industrialized countries also surpassed our growth rate in research and development, although not in its percentage of gross national product. Our R&D investment was still tops at 2.3 percent of GNP in 1973, and our GNP is so much larger that our R&D expenditures still far exceed any other country's. These expenditures increased by seven percent, to a new high of \$34.3 billion in 1975. Yet, faster growth rates in the ranks have a way of catching up with front-runners.

Baiting our multinationals

Our technology-intensive exports have grown at an average annual rate of almost 30 percent during the past three years. Rather than worrying that these exports will equip other countries to compete more effectively with us, we had better keep our exports growing faster than those of our principal competitors, thereby strengthening our base for further technological innovation.

Multinational enterprise is a third area with which we should be concerned as we appraise our present and future role in the world. While we have been baiting our own multinationals with such ill-conceived legislation as the abortive Burke-Hartke bill to discourage them from expanding abroad, Europe and Japan have been actively aiding and encouraging theirs to penetrate the U. S. market, move into old U. S. markets abroad, meet growing demands in the Third World, and turn back the American challenge in their own countries.

Foreign trade paperwork

Rather than impose new legislative constraints without regard to the competitive and economic consequences, we had better be looking for ways to strengthen and encourage our own multinational enterprise at home and abroad. Multinational companies are uniquely suited for global competition, and we need to make ours stronger, not weaker.

A fourth area of concern in this

global competition with necessity is the fundamental matter of facilitating production and trade by simplifying documentation.

We are all familiar with the horrendous problem of regulatory procedures and reporting requirements. Business concerns have mountains of red tape and reporting procedures to cope with, increasing in size and complexity because of new regulatory measures. On an international scale, the documentation and compliance procedures are multiplied, one country's rules and outmoded protective devices piled on top of another's, until world markets and trade incentives are overwhelmed by complexities that discourage many potential exporters from even entering the field.

As world trade has increased, so has the documentation. Figures for 1972 show international trade documentation consuming more than 144 million workdays for U. S. companies. Involved was the creation and handling of 6.5 billion copies of 830 million documents, at a cost of \$8 billion per year. Trade volume has since doubled, and inflation has increased costs. Fortunately, steps have been initiated to reduce this mountain of paperwork. These efforts must be continued effectively if we hope to be in the forefront of world trade.

Spelling out realities

The interests of both the private and public sectors are commingled in the issues of energy resources, research and development, multinational enterprise, and facilitating production and trade—the four key areas in which we cannot afford to lose ground. Yet, too often each sector blames the other for our common shortcomings, and too often both seem compelled to react to the short-run public and political pressures of the moment.

Leaders in both sectors need to do a better job of informing the public, of spelling out the economic realities in the world in which we live, and of pointing out the ways in which our country's overall long-run best interests may be realized.

Call this statesmanship. We will need more of it in the global competition that lies ahead. □

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Even with this greater load-carrying capability, diversion of traffic and revenue from other types of freight systems would be less than one percent, the department estimates.

Are highways adequate?

How adequate is the nation's highway network to handle this growth of auto and truck traffic?

The nation's highway system, ranging from multilane superhighways to unsurfaced rural roads, stretches 3.8 million miles. Counting right-of-way, streets, and shoulders, the road network covers 33,000 square miles—a land area equal to that of the state of Maine.

Billions of dollars will be needed to improve this network. There are clear signs that the interstate highway system already is headed for trouble.

Some sections are saturated with traffic now. The situation will worsen by 1990, when an estimated 28 percent of the rural interstate routes will have traffic flows that exceed the flow for which the roads were designed. About three percent of the mileage will have traffic volume that exceeds the maximum potential of the roadway.

Prospects are even gloomier for the urban stretches of the federal highway system. An estimated 53 percent will be beyond designed volume, and 25 percent will exceed the maximum potential.

Airline traffic to double

The most expensive solution is new construction of freeways or lanes set aside for exclusive use of trucks and buses. With the same congestion problem forecast for nonfederal routes, the Transportation Department study suggests that a major national planning effort is needed to solve the problem, rather than leaving the task to the individual states.

Barring a change in travel trends, the study finds that bus and train

travel will retain basically the same percentage of passenger volume as today, while the airline share of passenger volume will double. The 600 major airports now in use will still be those used by scheduled airlines in 1990. Most of the growth in air traffic will take place at today's 24 busiest airports.

Freight carried over the nation's 325,000 miles of railroad tracks will increase 42 percent, reflecting greater movement of coal. Freight hauled on the nation's 25,000-mile interior waterway system will rise from 1.165 billion tons in 1974 to 1.942 billion tons in 1990.

The nation's 440,000-mile pipeline system will be called on to carry 2.4 billion tons of crude oil, chemicals, and other materials by 1990, compared to 1.9 billion in 1975. This projection includes 80 million tons of coal moved through coal slurry pipelines. Last year an estimated 4.8 million tons of coal were transported in this fashion. •

Canada No. 1 Customer for U. S. Machines

Canada is the best customer for U. S.-produced heavy construction machinery and replacement parts. America's northern neighbor bought \$536 million worth of this equipment last year, the Construction Industry Manufacturers Association reports.

All told, 141 nations bought \$4.27 billion worth of such U. S.-made products last year, the association says. Last year's total was a decline of \$10 million from sales posted in 1975.

Saudi Arabia, with purchases of \$334 million worth of U. S. heavy construction machinery, was the nation's second best foreign customer for goods of this kind. Together, Canada and Saudi Arabia accounted for nearly half of the 113,944 units exported by American firms.

Other leading overseas customers last year for American heavy construction machinery were: Venezuela, \$241 million; Brazil, \$200 million; Belgium, \$177 million; U. S. S. R., \$167 million; Australia, \$141 million; Mexico, \$134 million; France, \$131 million; Iran and the Republic of South Africa, \$113 million each. □

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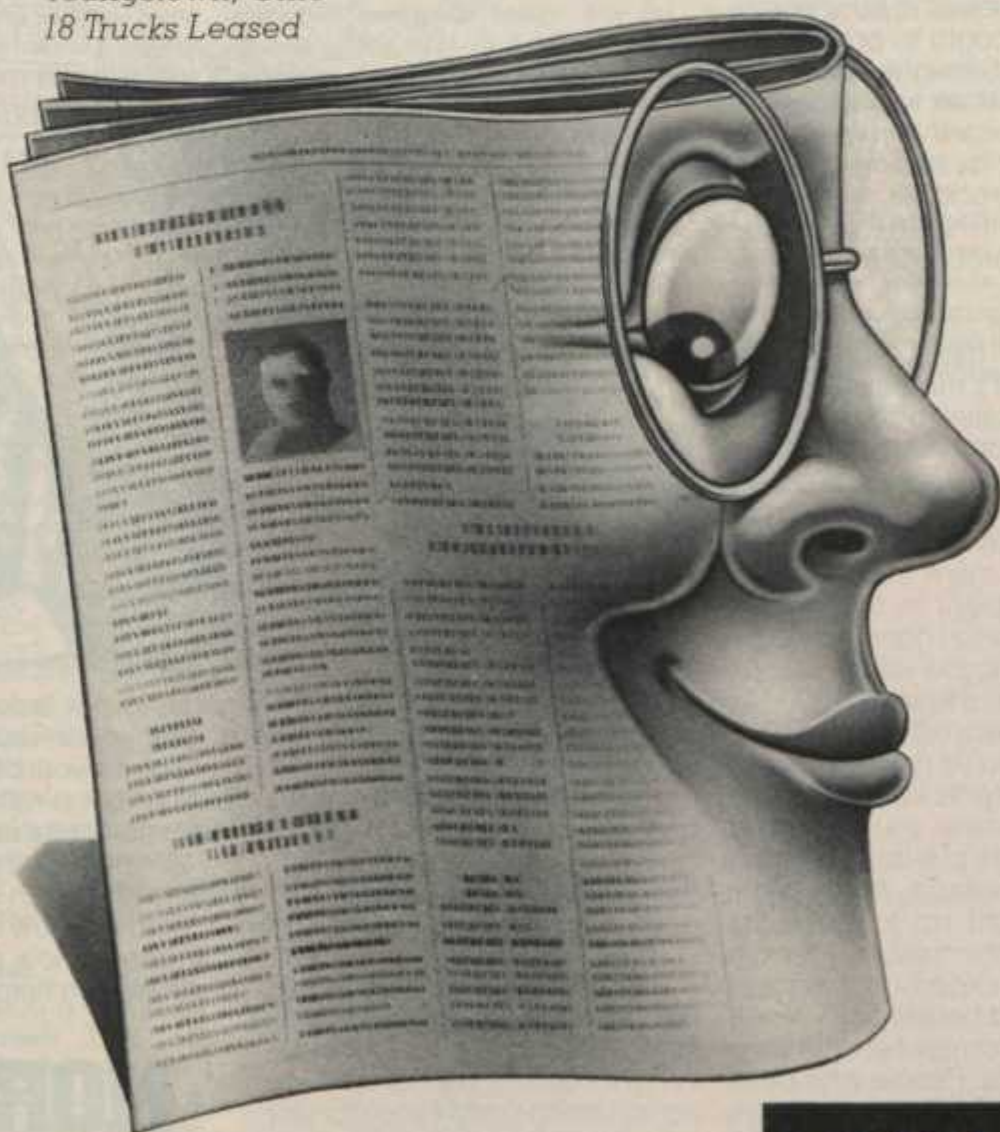
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In addition, North Carolina

is a right-to-work state. And you undoubtedly already know how important that is.

North Carolina is also home to more long line, interstate motor carriers than any other state in the country and features two deep water ports, as well as 13 commercial airports.

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During the fourth quarter of 1976, total nonagricultural employment in the South and West passed that of the rest of the nation.

The nation's economic growth center has gradually been shifting southward and westward for decades, but last year's landmark employment-pattern event shows how the trend has intensified in recent years.

More than 50 percent of national output of goods and services soon will be provided by what may loosely be called the sunbelt—26 states that have mild and attractive climates.

These 26 states are Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and West Virginia. Also included is the District of Columbia.

The other 24 states may be called the snowbelt states, and in general they are lagging behind the sunbelt in growth of jobs and incomes.

A comparison of the sunbelt and snowbelt regions shows these economic trends:

EMPLOYMENT

Sunbelt employment is expected to grow by five million jobs by 1980, against only 1.9 million new jobs in the snowbelt states. These figures reflect a sunbelt employment growth rate of 3.2 percent, which is in sharp contrast to a growth rate of only 1.5 percent expected in the snowbelt.

INCOME

Real personal income is also growing faster in the sunbelt. Total personal income in the South and West is increasing at a rate that will bring it up to the level of snowbelt income during the fourth quarter of this year. By the middle of 1980, per capita income will also be on a par.

These changes reflect a real per capita income growth rate of 4.9 per-

cent in the sunbelt, against 1.5 percent in the other states.

INFLATION

As is typical for rapidly expanding areas, the sunbelt will likely experience a slightly higher rate of inflation than the snowbelt through 1980.

Home mortgage rates will also be somewhat higher, reflecting rapid expansion of the economy and increasing demand for housing.

ECONOMIC STABILITY

The sunbelt appears to weather economic recessions better. For example, in the 1974-75 recession, employment declined by two percent in the sunbelt, four percent in the snowbelt. Slow growth forecast for 1979 will be felt more in the snowbelt states. This is understandable because heavy investment is disproportionately located in northern states, and industrial activity tied to the auto industry fluctuates widely.

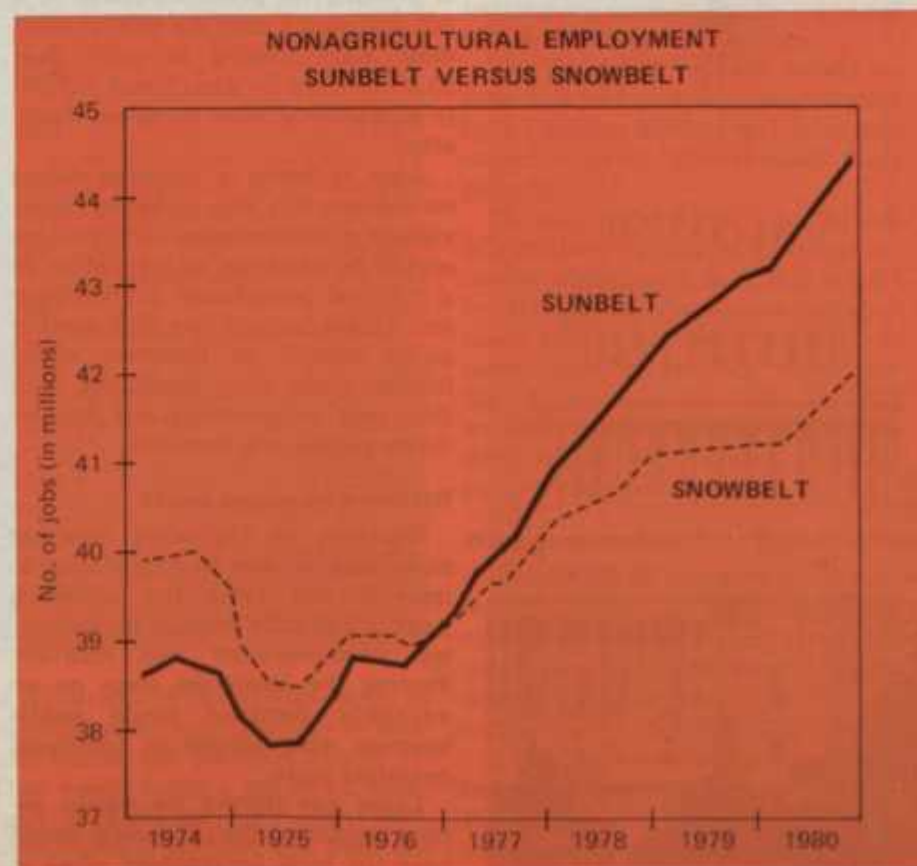
The sunbelt states, with a more diversified industrial mix including

many service-oriented industries, feel the effects of an economic slowdown much less. Consequently, mild recessions in the future will add to the differences between sunbelt and snowbelt areas.

POLITICAL IMPACT

More jobs mean not only more workers, but also more families of workers. Population shifts to the South and West will have a marked impact on the political, social, and cultural activities of those regions. These changes will, in turn, affect the nation as a whole over the next century.

Since 1940, for example, the number of members of the House of Representatives from the sunbelt states has increased from 198 to 218—a bare majority of the total membership of the House. The sunbelt is expected to gain even more representatives on the basis of the 1980 census, further reducing the delegations from the longtime political power centers of the Northeast. □



Automatic Escalator for the Minimum Wage?

Organized labor's next goal:
To increase and index the minimum wage—
a surefire formula for increasing
unemployment and inflation



ORGANIZED LABOR, desperate for a major victory in Congress, is pressing for prompt passage of a bill that would send the federal minimum wage soaring to more than \$3.25 an hour by Jan. 1 and virtually guarantee annual increases thereafter.

After suffering a stunning defeat on construction site picketing, labor views a minimum wage victory as essential to repairing its reputation as a political powerhouse in Washington. Union leaders fear that another major setback in Congress would further erode their credibility with their own memberships and hamper drives to gain new members.

Billions in extra costs

Business, on the other hand, is mobilizing to show that legislation to increase and index the minimum wage is a surefire formula for increasing unemployment and inflation. Putting the minimum wage on an automatic escalator would saddle business with billions in additional operating costs.

Labor has thrown its weight behind legislation that, if passed, would have the most far-reaching effect in

the minimum wage area since the first pay floor was set at 25 cents an hour 39 years ago.

The bill is sponsored by Rep. John H. Dent (D.-Pa.), chairman of the House labor standards subcommittee and one of the most powerful figures on Capitol Hill when it comes to labor legislation.

Under provisions of the Dent bill:

- The federal minimum, now \$2.30 an hour, would be set automatically each Jan. 1 at a level equal to 60 percent of the average hourly wage for production workers in manufacturing for the 12 months ending the previous Sept. 30, as compiled by the Bureau of Labor Statistics. The wage would then go to approximately \$3.27 an hour next Jan. 1, based on conservative projections of current trends in manufacturing wages.

- There would be an interim increase in the federal minimum to \$2.85 an hour, effective 30 days after the Dent bill became law. That amount would be arrived at under a formula calling for an immediate rise to a level equal to 55 percent of the \$5.19 average manufacturing wage in calendar 1976.

- The historic differential under which the agricultural minimum wage has lagged behind the minimum for other workers would be eliminated Jan. 1. The wage floor for all covered workers would then be the same.

- The tip credit that now allows employers to count employee tips as part of the minimum wage requirement, to a maximum of 50 percent of pay, would also be eliminated.

Delay urged

Business has urged that Congress hold off on any minimum-wage increases to help the economy continue to gain strength in its recovery from the recession.

That position was advocated by Dr. Jack Carlson, vice president and chief economist of the Chamber of Commerce of the United States, in testimony before the House labor standards subcommittee. He told the subcommittee:

"The Congress should delay consideration of minimum wage legislation for two years, until the economy is more fully utilizing Americans willing and able to work.

"If an adjustment to the minimum wage is then desired and unemployment is close to five percent, the Congress should increase the minimum wage modestly.

"The tip credit should be maintained, recognizing the incentive created for employers to encourage employees to fully report tip income."

Administration's stand

There is a third party in the minimum wage issue—the Carter administration.

From the standpoint of goodwill between the AFL-CIO and the President, Labor Secretary F. Ray Marshall picked the worst time to disclose the administration's minimum wage proposals, which fell far short of what big labor wants. He detailed those proposals to the House sub-

committee a little more than 12 hours after the labor-supported common-situs picketing bill was defeated in the House.

The administration proposal calls for a 20-cent-an-hour increase in the minimum wage, to \$2.50, this July 1, plus indexing to begin July 1, 1978,

THE STEADY RISE IN THE WAGE FLOOR

Minimum hourly wage
under federal law

1938	\$0.25
1939	0.30
1945	0.40
1950	0.75
1956	1.00
1961	1.15
1963	1.25
1967	1.40
1968	1.60
1974	2.00
1975	2.10
1976	2.30
1977	?
1978	?

at 50 percent of the average wage in manufacturing industries for a base year ending the previous March 31. That would mean a projected minimum of \$2.73 an hour next year, some 55 cents an hour less than under the Dent bill.

Organized labor was outraged. AFL-CIO President George Meany termed the administration proposal "shameful, a bitter disappointment to everyone who looked to the Carter presidency for economic justice for the poor."

Despite the initial sharp split between big labor and the administration over the level of increases, the fact that both favor indexing indicates a compromise is possible. Business, however, remains opposed to indexing at any level.

Fewer jobs

Dr. Carlson told the House subcommittee that minimum wage increases proposed in both the Dent bill and the administration plan "would greatly reduce employment while increasing inflation."

He said both the employment and inflationary impacts can be projected with a high degree of accuracy.

The Dent bill, he said, would reduce full and part-time employment by 2.7 million workers and raise consumer prices by approximately three percent.

He also pointed out that the administration's proposed first-step increase, while lower than that sought by Rep. Dent, "would still kill as many jobs as President Carter's proposed stimulus program would create. An increase to \$2.50 an hour would reduce employment by about 900,000 jobs and increase consumer prices by one percent."

Discrimination

Enactment of either bill, he said, would result in "discrimination against minorities, women, teenagers, older persons, small business, and workers in Southern and Western states."

Other business groups testifying before the subcommittee also cited the adverse impact minimum wage increases have on employment.

The Minimum Wage Interindustry



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Group of Associations, representing 35 trade groups in different business areas, told the subcommittee that "whenever legislated wages increase costs, employment suffers."

Spokesman for the interindustry group was Finis R. Welch, professor of economics at the University of California at Los Angeles. He said a government-mandated wage floor "carries the potential of an increased wage, but it also carries the burden of finding someone to pay that wage."

He added that, "as of 1970, we estimate minimum wages increased costs of employing teenagers on average by about 15 percent for the nation and reduced teen employment 22 percent."

Business has long urged Congress to approve a youth differential that would permit employers to pay young workers a wage lower than the full minimum while those workers are acquiring skills and experience.

Vicious cycle

Dr. Carlson and Prof. Welch both pointed out to the House subcommittee that tying the minimum wage to the average wage of production workers in manufacturing industries would set off a vicious cycle.

Prof. Welch explained: "The average manufacturing wage is itself affected by the minimum wage. An increased minimum wage will raise the manufacturing average which, if the minimum is indexed on the average, will raise the minimum—and so on."

Rep. Dent's selection of the average wage of production workers in manufacturing industries as the basis for minimum wage indexing followed a prolonged debate among advocates of indexing as to which automatic escalator standard to use. Subcommittee action on a minimum wage bill introduced by Mr. Dent last year was deferred pending the outcome of those discussions.

Rep. Dent told the House, when he introduced his new bill, that the average manufacturing wage had been chosen because it represented "a generally national wage trend on which a minimum wage rate could be based."

Use of the consumer price index, which is the basis for most existing indexing arrangements in the government and private sector, was rejected on the ground the CPI "has proved to be not only erratic, but

overly influenced by precipitous price changes," Rep. Dent said.

The minimum wage has historically averaged 43 percent of the manufacturing wage, compared with the 60 percent proposed in the Dent bill and 50 percent in the administration proposal.

Life on the dole

The House labor subcommittee estimates that approximately eight million workers would receive increases under the Dent bill by Jan. 1 and four million under the administration bill by July 1.

Rep. Dent says his measure "will assist low-wage workers by increasing their purchasing power, which has been undermined by the continuous increases in the cost of living."

Business representatives and other critics of the bill emphasize, however, that the Dent approach would

be counterproductive because it would force employers to eliminate many jobs at the lower end of the wage scale.

Eugene Thompson, president of the Pennsylvania Farmers Association, appeared before the Dent subcommittee on behalf of the American Farm Bureau Federation and said of the Dent proposal:

"This bill would drive from the labor market the least educated, least literate, and least skilled of workers and force more of them into the indignity of life on the public dole."

That is particularly true, he said, of younger workers.

While neither the Dent nor the administration proposals contain a provision for a youth differential, that issue will be raised during congressional consideration of minimum wage legislation. Advocates of a youth differential intend to offer amendments during committee and

floor consideration of the legislation.

Business is concerned, beyond the specifics of any minimum wage legislation, over the ripple effect of an increase in the federally mandated wage floor. An increase in the minimum applies strong pressure for increases at all wage levels above that minimum.

All categories of workers

For example, an employer may now be paying new, unskilled workers the \$2.30 federal minimum and more skilled and experienced workers \$3. If those at the lowest-skilled and least-experienced levels must be paid more than \$3.25 under federal law, the potential impact on all categories of the work force becomes obvious.

The end result is an inflationary upsurge far greater than indicated by the terms of the minimum wage legislation itself. □

The Minimum Wage Issue at a Glance

What's at Issue: Whether to raise the minimum wage for workers covered by the Fair Labor Standards Act and index the minimum to a Labor Department-compiled average of hourly earnings of manufacturing workers. Also, whether to repeal the act's tip credit provision, which permits an employer to deduct a sum equivalent to tips an employee receives, up to half the minimum wage.

Specifics: A House bill introduced by Rep. John H. Dent (D.-Pa.) would increase the minimum wage to \$2.85 an hour and automatically raise it further in the future. The minimum is now \$2.30 an hour. The bill would set the minimum now at not less than 55 percent of average hourly earnings of production workers on manufacturing payrolls for 1976 and would set it at 60 percent of the manufacturing average from next year on. The tip credit provision would be eliminated.

The Carter administration supports indexing at a lower level on a different timetable. Under the administration approach, the minimum would go to \$2.50 an hour this July 1. Each July 1 thereafter, the minimum would be set at 50 percent of the average wage of production workers in manufacturing industries. The administration projects a wage of \$2.73 an hour beginning July 1, 1978, and \$2.92 a year later. The administration has taken no position on repeal of the tip credit.

The Business Position: Action that increases productivity, thereby increasing employment and real income, is preferable to federal wage-fixing. Business opposes excessive increases in the minimum wage on grounds they would bring higher business costs which inevitably would cause layoffs and contribute to inflation. Automatic increases in the minimum would likewise be harmful unless there were corresponding increases in productivity, business feels. Business opposes repeal of the tip credit because of the effect on employment. Business also favors adoption of a youth differential that would stimulate hiring of unskilled, inexperienced younger people at a wage under the regular minimum.

The Other Side: Minimum wage increases are necessary to keep pace with inflation. Everyone, even tipped workers, should receive the full minimum regardless of tip income.

Outlook for Action: Debate on the Dent bill is expected in the House this month. Opponents hope to gain sufficient support to defeat the bill entirely. Failing that, efforts will be made to amend the bill to specify lesser increases, to retain the tip credit, and to add a youth differential. If the measure clears the House, it will be referred to the Senate Human Resources Committee, which will conduct its own hearings. No Senate timetable for action will be adopted until after the House acts.

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CHECK US OUT

Letters to the Editor *continued from page 48*

should be read by every high school student who still believes in the American system of free enterprise.

Reading a story like this helps you to maintain your faith in America.

GEORGE D. WEBSTER
*Webster & Chamberlain, Attorneys
Washington, D. C.*

Mr. Foerstner lauds his management staff as the major factor in his company's success.

I would be interested in knowing, however, the number of women—if any—who are on that management staff.

After graduating from college with a degree in business administration, I returned to my home area and applied for a job at Amana. The gentleman from the personnel department who interviewed me did not even consider my qualifications. He simply told me the company usually did not hire women for management positions because "women tend to get married and raise a family."

I wonder how many young men

have come and gone from Amana Refrigeration in the five years since I applied. I am not married, have no family, and have yet to find a decent job in the field for which I spent four years preparing.

MARY T. PECH
Belle Plaine, Iowa

Businessmen and politics

James E. Broyhill, featured in your January "Lessons of Leadership" article, "From a Humble Beginning to Triumph in Business," is a remarkable man.

One facet of his life that you did not touch on is his long service to the Republican Party.

He was a member of the Republican National Committee for 20 years and served as chairman of the National Finance Committee during that same period. He was also finance chairman of the North Carolina Republican State Committee for many years. I became acquainted with Mr. Broyhill when I was assistant director of the Republican Congressional Campaign Committee.

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WAYNE W. BRADLEY
Director
Public Affairs Division
American Medical Association
Chicago, Ill.

Unions and inflation

Thank you for James J. Kilpatrick's "Restraining the Public Employee Unions" [February].

Unions in general have contributed substantially to the incessant inflation we have had to live with for the past 40 years. Continued inflation is inevitable when never-ending demands for wage increases are not offset by increased productivity.

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A Plan to Reduce Government Paperwork

THERE IS NEW HOPE for easing the federal government paperwork burden that costs American business tens of billions of dollars a year.

President Carter has asked the Chamber of Commerce of the United States for advice on how his administration can curb federal paperwork excesses, and the National Chamber has developed a plan.

The plan, which has been submitted to the President, is ambitious, but realistic.

Chief responsibility for bringing about paperwork relief would be centered in the Office of Management and Budget, the powerful agency through which the President can cut across departmental and jurisdictional lines to impose discipline on the executive branch of government.

The National Chamber is proposing that OMB be divided into two subagencies.

One, the Executive Budget Office, would be responsible for the annual federal budget. The other, the Executive Management Office, would assist the President in "applying sound management principles to the operations of the departments and agencies."

EMO would, among other duties, "control paperwork by serving as a clearinghouse for all new federal reporting requirements" before those requirements are put into effect. The new subagency would also serve as an ombudsman, dealing with complaints about unreasonable reporting requirements.

The National Chamber plan contains a series of other recommendations for easing the federal paperwork burden. Among them:

- Exempt very small businesses from frequent requests to supply information.
- Make greater use of sampling techniques rather than canvass all businesses.
- Schedule deadlines to avoid inundating businesses with paperwork at certain times of the year.
- Consolidate duplicate requests for information from two or more agencies.
- Provide for greater business community



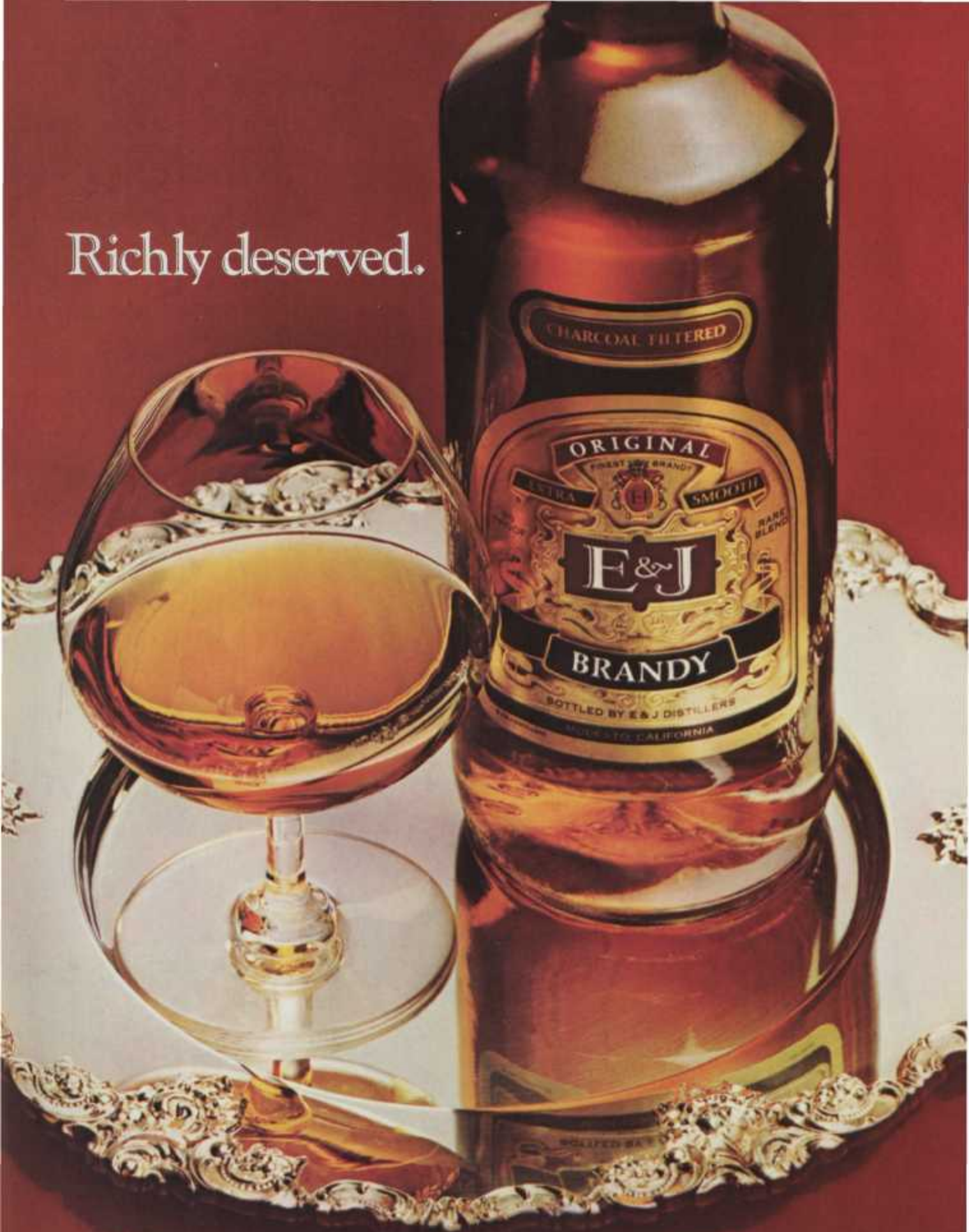
involvement in preparation of new reporting requirements.

- Require pilot testing of report forms before the forms become mandatory.
- Reimburse businesses for the expense of filling out required reports that do not specifically affect those businesses.

The National Chamber plan contains other proposals as well that are of interest to everyone who is concerned about the growing problem of government paperwork.

If you would like a copy of the National Chamber's recommendations to the President, send \$1 to NATION'S BUSINESS to cover handling and mailing. □

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